

*United States Court of Appeals
for the Second Circuit*



APPENDIX

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No. 74-2460

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IN THE
United States Court of Appeals
FOR THE SECOND CIRCUIT

APPEAL No. 74-2460

W.M. T. BURNETT & COMPANY, INC., *Plaintiff-Appellant*,

v.

TENNECO CHEMICALS, INC. AND TENNECO, INC.,
Defendants-Appellees.

On Appeal from the United States District Court for the
Southern District of New York

JOINT APPENDIX

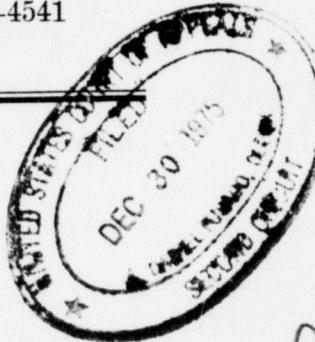
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DOCKET ENTRIES

73 CIV 1214

Date	Proceedings
3/22/73	Filed Complaint and issued summons.
4/3/73	Filed plaintiff's letter to Mr. Raymond K. Sexton, Coordinating Clerk, re coordination of Civil Actions Nos. 73 Civ. 1214 and 73 Civ. 1215.
4/5/73	Filed Notice of Motion For An Injunction; Motion For An Injunction; Memorandum In Support Of Plaintiff's Motion For An Injunction.
4/9/73	Filed Stipulation extending time for answer to Complaint.
4/11/73	Filed defendants' letter to The Hon. M. E. Frankel re extending return date on motion.
4/12/73	Filed plaintiff's letter to The Hon. M. E. Frankel re opposing extension of return date on motion.
4/30/73	Filed Defendants' Opposition To Plaintiff's Motion For An Injunction; Notice Of Motion And Motion For Dismissal, Transfer or Stay Or For More Definite Statement; Memorandum In Support Of Defendants' Motion For A Dismissal, Transfer Or Stay Or For More Definite Statement with affidavits.
6/8/73	Filed Plaintiff's Opposition To Defendants' Motion For Dismissal, Transfer Or Stay, Or For More Definite Statement; Memorandum In Support Of Plaintiff's Oppositions To Defendant's Motion For Dismissal, Transfer Or Stay Or For More Definite Statement with affidavits and exhibits.
6/20/73	Filed Defendant's Reply To Plaintiff's Opposition To Motion For Dismissal, Transfer Or Stay; Or For A More Definite Statement.

- 6/25/73 Filed defendants' letter to Mr. Raymond K. Sexton, Coordinating Clerk, re coordinating Civil Actions Nos. 73 Civ. 1214 and 73 Civ. 1215 before the same judge.
- 11/5/73 Filed Motion Under Rules 15(a), 21, And 22(1) For Leave To Amend Complaint And Interplead Additional Party with exhibits; Memorandum In Support of Plaintiff's Motion Under Rules 15(a), 21, and 22(1) For Leave To Amend Complaint And Interplead Additional Party.
- 11/15/73 Filed Stipulation extending time to respond to motion.
- 12/11/73 Filed Stipulation extending time to respond to motion.
- 12/26/73 Filed Stipulation extending time to respond to motion.
- 1/15/74 Filed Stipulation extending time to respond to motion.
- 2/1/74 Filed Opposition By Defendants Tenneco Chemicals, Inc. And Tenneco, Inc. To Plaintiff's Motion For Leave To Amend Complaint And Interplead Additional Party.
- 2/1/74 Filed Memorandum On Behalf Of Reeves Brothers, Inc. In Opposition To Plaintiff's Motion Under Rules 15(a), 21, And 22(1) For Leave To Amend Its Complaint and Interplead Reeves Brothers, Inc. In Civil Action No. 73 Civ. 1214.
- 3/5/74 Filed Plaintiff's Reply Memorandum.
- 8/16/74 Filed Plaintiff's Supplementary Memorandum In Support Of Plaintiff's Motion For An Injunction And Plaintiff's Motion Under Rules 15(a), 21, And 22(1) For Leave To Amend Complaint And Interplead Additional Party And In Opposition To Defendants' Motion For Dismissal, Transfer Or Stay Or For More Definite Statement.
- 8/30/74 Filed Further Reply To Tenneco Chemicals Relating To Judge Murray's Order In The Maryland District Court Proceedings.

9/10/74 Filed Response By Burnett To "Further Reply By Tenneco Chemicals Relating To Judge Murray's Order In The Maryland District Court Proceedings."

9/10/74 Hearing before The Hon. Charles E. Stewart on pending motions. (Transcript)

10/16/74 Filed Memorandum of The Hon. Charles E. Stewart.

10/31/74 Filed Notice Of Appeal to the United States Court of Appeals for the Second Circuit from Judge Stewart's Memorandum and order.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----x
WM. T. BURNETT & COMPANY, INC., : ..

Plaintiff, : Civil Action File No.
73 CIV 1214

v. : ..

TENNECO CHEMICALS, INC., and : ..
TENNECO, INC., : ..

Defendants. : ..

-----x
Filed March 22, 1973

COMPLAINT FOR DECLARATORY JUDGMENT
OF PATENT INVALIDITY, UNENFORCEA-
BILITY AND NON-INFRINGEMENT

1. This complaint is brought under 28 U.S.C. Sections 2201 and 2202 and seeks a declaratory judgment to determine an actual controversy with respect to whether United States F. Buff et al Patent Nos. 3,281,894; 3,296,658; and 3,476,845, herein-after called "the patents in suit," and each of them is invalid, void, or unenforceable against plaintiff and not infringed by plaintiff.

2. This Court has jurisdiction of this declaratory judgment action under 28 U.S.C. 1331 and 1338(a). Venue is proper under 28 U.S.C. 1391(c).

3. A justiciable controversy within the meaning of 28 U.S.C. 2201 and 2202 exists between plaintiff and defendants with respect to the validity, enforceability, and infringement by plaintiff of each of United States Letters Patent Nos. 3,281,894; 3,296,658; and 3,476,845.

4. Plaintiff Wm. T. Burnett & Company, Inc. (hereinafter called "Burnett") is a corporation of the State of Maryland having a principal place of business at 1500 Bush Street, Baltimore, Maryland, 21230.

5. Defendant Tenneco, Inc. (hereinafter called "Tenneco") is a corporation of the State of Delaware having a place of business at 280 Park Avenue, New York, New York, 10017, and is doing business in the Southern Judicial District of the State of New York.

6. Defendant Tenneco Chemicals, Inc. is a division of Tenneco having a place of business at 280 Park Avenue, New York, New York, 10017, and is doing business in the Southern Judicial District of the State of New York.

7. Each of the patents in suit relates generally to the manufacture of expanded cellular products.

8. Defendant Tenneco Chemicals, Inc., acquired title to the patents in suit as a result of a merger of General Foam Corporation with Tenneco Chemicals, Inc., the merger being recorded at Reel 2383, Frame 334, in the United States Patent Office in a document dated January 30, 1968, recorded on July 5, 1968.

9. General Foam Corporation acquired title to said patents in suit by means of an assignment from inventors Fred Buff, Marcus French, and Warren Pollock.

10. Each of United States Patent Nos. 3,281,894; 3,295,658; and 3,476,845 is invalid, inter alia, for failure to meet the standard of invention defined in the patent statutes; for failure to comply with the requirements of the patent statutes in procuring of the patents, etc., such facts being known to defendants.

11. Each of United States Patent Nos. 3,281,894; 3,296,658; and 3,476,845 is unenforceable in the hands of defendant, inter alia, for misuse by defendants, and violation of the anti-trust statute, such facts being known to defendants.

12. No one of United States Patent Nos. 3,281,894; 3,296,658; and 3,476,845 has been infringed by any action of plaintiff.

WHEREFORE, the plaintiff respectfully prays:

- (a) That each of United States Patent Nos. 3,281,894; 3,296,658; and 3,476,845 be declared invalid as to all of its claims.
- (b) That each of United States Patent Nos. 3,281,894; 3,296,658; and 3,476,845 be declared unenforceable.
- (c) That the Court declare that none of United States Patent Nos. 3,281,894; 3,296,658; and 3,476,845 has been infringed by any action of plaintiff.
- (d) That the defendants be permanently enjoined from ever asserting any of United States Patent Nos. 3,281,894; 3,296,658, and 3,476,845 against plaintiff or any customer of plaintiff.
- (e) That the plaintiff be awarded the costs and attorney's fees and such other relief as in the judgment of the Court is proper in the premises.

Respectfully submitted,

ARTHUR, DRY & KALISH

By

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- x
WM. T. BURNETT & COMPANY, INC., :

Plaintiff, :

v. : Civil Action No.
73 CIV 1214
TENNECO CHEMICALS, INC. and :
TENNECO, INC. : M.E.F.

Defendants. :

----- x
NOTICE OF MOTION AND MOTION
FOR DISMISSAL, TRANSFER OR STAY
OR FOR MORE DEFINITE STATEMENT

To: ARTHUR, DRY & KALISH
Attorneys for Plaintiff
1230 Avenue of the Americas
New York, New York 10020

PLEASE TAKE NOTICE, that, at 10:00 A.M. on May 9, 1973, or as soon thereafter as counsel can be heard, Defendants will move this Court before Honorable Marvin E. Frankel as follows:

Defendants move the Court separately and also in conjunction with motion (2) below to:

(1) Dismiss the complaint as to Tenneco, Inc., under the provisions of Rule 21, since Tenneco Chemicals, Inc. is the legal owner of the patents in suit and is a financially responsible, autonomously operated, legal entity separate from Tenneco, Inc., and Tenneco, Inc. has no interest in the patents except to the extent of its ownership of the common stock of Tenneco Chemicals, Inc. through an intermediate company Tenneco Corporation. This action for declaratory judgment can be fully resolved without the presence of Tenneco, Inc.

Defendants further move the Court to:

(2) Transfer this action to the United States District Court for the District of Maryland pursuant to the provisions of 28 U.S.C. §1404(a).

(3) In the alternative, stay this action pending final disposition of the Maryland action, or

(4) In the further alternative, dismiss this action for declaratory judgment that certain patents are invalid, unenforceable or not infringed because there is now pending a related action for patent infringement in the United States District Court for the District of Maryland styled Tenneco Chemicals, Inc. v. Wm. T. Burnett, Civil Action No. 73-266-HM, which will resolve all of the issues in this action.

Defendants further move the Court to:

(5) Dismiss the counts alleging patent misuse and anti-trust statute violation by Defendants contained in paragraph 11 of the complaint because these allegations fail to state a claim against defendants upon which relief can be granted, or

(6) In the alternative to motion (5), order the Plaintiff to furnish a more definite statement relating to the facts and occurrences which support Plaintiff's allegations of patent misuse and anti-trust statute violations in paragraph 11 of the complaint.

The grounds for the above motions are those set forth with particularity and in detail in the Memorandum

and affidavits accompanying these motions.

MCLEAN, BOUSTEAD AND SAYRE
Attorneys for Defendants
14 West 49th Street
New York, New York 10020
(212) 245-0211

By Melvin Polkade Sayre

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing
NOTICE OF MOTION AND MOTION FOR DISMISSAL, TRANSFER OR STAY
OR FOR MORE DEFINITE STATEMENT was served on plaintiff
by handing a copy to Arthur, Dry, & Kalish at 1230 Avenue
of the Americas, New York, New York 10020, plaintiff's
attorney of record.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- x
WM. T. BURNETT & COMPANY, INC., :
Plaintiff, : Docket No. 73 CIV 1214
vs. : M.E.F.
TENNECO CHEMICALS, INC. :
and TENNECO, INC., :
Defendants.
----- x

MEMORANDUM IN SUPPORT OF DEFENDANTS' MOTION
FOR DISMISSAL, TRANSFER OR STAY OR FOR MORE
DEFINITE STATEMENT

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----x
WM. T. BURNETT & COMPANY, INC., :
Plaintiff, :
vs. : Docket No. 73 CIV 1214
TENNECO CHEMICALS, INC. : M.E.F.
and TENNECO, INC., :
Defendants.
-----x

MEMORANDUM IN SUPPORT OF DEFENDANTS' MOTIONS
FOR DISMISSAL, TRANSFER OR STAY OR FOR MORE
DEFINITE STATEMENT

A. THE TWO ACTIONS

1. The New York Declaratory Judgment Action

On March 22, 1973, the plaintiff Wm. T. Burnett & Co., Inc. (Burnett) filed a Declaratory Judgment action in this court against Tenneco, Inc. (Tenneco) and Tenneco Chemicals, Inc. (Tenneco Chemicals) seeking to have three United States patents owned by Tenneco Chemicals declared invalid, unenforceable or not infringed.

These patents are Nos. 3,281,894; 3,296,653 and 3,476,845. As evidenced by the introductory paragraphs of these patents' specifications they are related as follows: the '653 patent issued on the parent application; the '894 patent issued on a continuation-in-part application based on the parent application; and the '845 patent issued on a divisional application of the continuation-in-part application.

The patents are all concerned with methods and apparatus for the production of polyurethane foam of a defined geometric configuration.

2. The Maryland Patent Infringement Action

On March 23, 1973, Tenneco Chemicals filed suit in the United States District Court for the District of Maryland (Civil Action Docket No. 73-266 HM) charging Burnett with infringement of United States Patent No. 3,476,845, one of the patents involved in the New York action, and seeking an injunction against further infringement and an accounting.

The complaint charged infringement of only the '845 patent, containing method claims because the other two patents are directed to apparatus and defendant is not presently aware of the details of plaintiff's manufacturing equipment.

B. THE SUBJECT MATTER IN SUIT

Polyurethane foam is an industrial product of great commercial significance. Many hundreds of tons of the product are sold each year. In its flexible form it is widely employed as a cushioning material in furniture and in the interior of automobiles. It is also widely employed in sheet form for lamination to carpeting as carpet underlay, for insulative lining in coats, jackets and the like, and as a backing for delicate fabrics in dresses and other garments.

For many years foam was produced in the form of large blocks, not unlike a loaf of bread in appearance. In order

to obtain sheets of foam these blocks were mounted on rods and rotated against an elongated knife blade so as to cut or peel the foam into sheets (analogous to the peeling of wood veneers). Because of the original shape of the foam blocks it was necessary to cut away the corner sections so as to form cylinders which could be peeled. As a result as much as twenty percent or more of the foam could not be converted to sheets, and was effectively scrap.

The patents in suit deal with methods and apparatus for the continuous production of polyurethane foam in the form of large cylinders, commonly called "round block". As a result of the cylindrical formation of the foam, it is ready to be mounted and peeled into sheets without the cutting away of corner sections. The scrap problem is substantially alleviated with resulting savings amounting to several millions of dollars per year.

Tenneco Chemicals' predecessor company, General Foam Corporation, was the first company in the world to produce round blocks of polyurethane foam. The methods and apparatus utilized in this first commercial production are described and claimed in the patents which Burnett seeks to have declared invalid or not infringed in this action.

C. THE PARTIES

1. Burnett

Burnett is a Maryland Corporation having a principal place of business in the city of Baltimore. At this location, in Baltimore, Burnett has a manufacturing facility for the continuous production of round blocks of flexible polyurethane foam.

Based on information and belief, Burnett's annual sales of products produced from round block is believed to be in excess of two million dollars. There is believed to be substantial market competition between the parties.

2. Tenneco Chemicals and Tenneco, Inc.

Defendant Tenneco Chemicals is a controlled operating subsidiary of Tenneco, Inc. The details of corporate structure, and relationship between these corporations is explained in connection with defendants' Motion (1).

D. DEALINGS BETWEEN THE PARTIES

Tenneco Chemicals has been aware of Burnett's production of round blocks, although the details of the specific apparatus and methods employed by Burnett are not known.

Prior to the initiation of this declaratory judgment action, the parties Burnett and Tenneco Chemicals through their respective representatives had exchanged correspondence and telephone discussions concerning the methods and apparatus employed by Burnett in its manufacture of round blocks of foam with respect to the methods and apparatus claimed in the patents owned by Tenneco Chemicals. On May 22, 1972, counsel for Tenneco Chemicals' wrote to counsel for Burnett specifically calling his attention to U.S. Patent No. 3,476,845 which claims methods for producing round blocks of foam, and is the patent involved in Tenneco Chemicals' pending infringement action in Maryland.

Subsequently, on March 7, 1973, attorneys and officers for both Burnett and Tenneco Chemicals met personally and discussed, among other things, the scope and interpretation of the patent claims, the development of the methods and apparatus presently employed by Burnett in its Baltimore plant for producing round blocks of foam, and the general terms of a non-exclusive, royalty based patent license by which Tenneco Chemicals was willing to grant Burnett rights under any and all of the patents that were relevant to Burnett's manufacturing activities. At the close of this March 7th meeting, the representatives of Burnett agreed to further consider the matter and provide Tenneco Chemicals with a final decision by March 26, 1973, as to whether or not Burnett would enter into a patent license agreement. No further communications were received by Tenneco Chemicals from Burnett prior to March 22, 1973 when this declaratory judgment action was filed.

Prior to the above mentioned meeting of March 7, 1973, Tenneco Chemicals had determined that a patent infringement suit would be filed against Burnett in the District Court of Maryland if Burnett declined to enter into the patent license agreement mentioned above. A Complaint charging infringement by Burnett of U.S. Patent 3,476,845 was forwarded to Tenneco Chemicals' associate counsel in Baltimore, Maryland, with instructions to hold for possible filing upon the contingency that Burnett declined the patent license. Upon receipt of notice of Burnett's filing of this declaratory judgment action on March 22nd, associate counsel in Baltimore were instructed to file Tenneco

Chemicals' complaint against Burnett in the Maryland District Court in Baltimore. A copy of this Complaint as filed on March 23, 1973 is appended to Burnett's Memorandum in Support of its Motion for Injunction now pending before this Court.

E. THE MOTION (1) TO DISMISS AS TO TENNECO, INC.

Defendants' motion to dismiss this action as to Tenneco, Inc. is based on the authority of Rule 21 of the Federal Rules of Civil Procedure relating to misjoinder of parties. The basic grounds for dismissal are that all the issues can be completely and finally decided between Burnett and Tenneco Chemicals without the presence of Tenneco, Inc. and further that Tenneco Chemicals is a financially responsible, autonomously operated, legal entity separate from Tenneco, Inc. Tenneco Chemicals owns the patents in suit and Tenneco, Inc. has no interest except to the extent of its ownership of the common stock of Tenneco Chemicals, Inc. through an intermediate company Tenneco Corporation.

In his affidavit, (Exh. A) George S. Flint, an officer active in the day-to-day management of the affairs of Tenneco Chemicals, as well as an officer of Tenneco, Inc., has attested to the corporate structure and relationships between the two defendants. While Tenneco, Inc. holds the controlling stock interest in Tenneco Chemicals through the intermediate Tenneco Corporation, the day-to-day business affairs of Tenneco Chemicals are directed and controlled by its own management and officers.

Also as stated by Mr. Flint, Tenneco Chemicals, through its own officers and employees, is responsible for all matters relating to the patents which it owns. This includes the management, policing, licensing and enforcement, including the institution of legal proceedings for infringement of patents or breach of patent related agreements.

While plaintiff has not sought damages in this declaratory judgment action, and under controlling precedent is not entitled to attorneys' fees, Tenneco Chemicals is financially responsible and would be able to pay any monetary damages for which it might be held liable following the disposition of this controversy.*

As a practical matter, counsel appearing for the defendants in this action had previously been retained only by Tenneco Chemicals. The maintenance of Tenneco, Inc. as a party to this suit constitutes an unnecessary burden on counsel and the management of both companies in reporting and following the progress of this matter. In addition, it is believed that Tenneco, Inc. may have to prepare advisory reports to its accountants and possibly to the SEC relative to this suit and its status.

* See, for example, the discussion by the courts in Cannon Manufacturing Co. v. Cudahy Co., 257 U.S. 333 (1924) and Sylvia Martin Foundation v. Swearingen, 260 F. Supp. 231 (S.D.N.Y. 1967) for the criteria to be considered in determining the relationships between parent and subsidiary corporations.

In view of the absence of any actual and real control exercised by Tenneco, Inc. of the matters relating to these patents owned by Tenneco Chemicals, and the remote interest of Tenneco, Inc. as evidenced only by the ownership of stock through the intermediate Tenneco Corporation, this Court is respectfully requested to dismiss this action as to Tenneco, Inc.

F. MOTIONS (2) TO TRANSFER, (3) TO STAY AND (4) TO DISMISS

1. Introduction

Plaintiff has pending before this Court a motion to enjoin defendants from further prosecuting the patent infringement action filed in the U. S. District Court in Maryland. The disposition of defendants' above three alternative motions, as well as plaintiff's motion for an injunction will be based upon consideration by the Court of the same relevant facts and criteria. See Sweetheart Plastics, Inc. v. Illinois Tool Works, Inc.

267 F. Supp. 938,941 (S.D.N.Y. 1967).

The grounds supporting these motions for transfer, stay or dismissal are essentially as follows:

- (a) The plaintiff has its principal place of business in the District of Maryland and is a Maryland Corporation;
- (b) The claim alleged in the complaint for this declaratory judgment action arose out of plaintiff's manufacturing activities in Baltimore, in the District of Maryland, and

did not arise out of, or have any connection with, any business transacted by the defendant in this state and district;

- (c) Defendants are Delaware corporations, defendant Tenneco Chemicals, Inc. having a principal place of business and headquarters at Saddle Brook, New Jersey; defendant Tenneco, Inc. having a principal place of business in Houston, Texas. Defendant Tenneco Chemicals, Inc. has a place of business located at 264 Schilling Circle, Hunt Valley, Maryland, located a few miles outside the City of Baltimore, and this action could have been brought by plaintiff against Tenneco Chemicals in the District of Maryland;
- (d) The majority of the witnesses whose testimony it presently appears will be material and necessary on behalf of the defendant, reside outside of this district, and could more conveniently be made available for trial in the District of Maryland;
- (e) The expenses involved in bringing the majority of the witnesses to New York City for attendance upon the trial of this action are estimated to be greater than if this action were to be tried in the District of Maryland;

(f) The trial of this action will include determining the issues of patent infringement and patent invalidity centering on manufacturing methods and equipment previously and presently utilized by plaintiff in its manufacturing facility in Baltimore City, and in close proximity to the court house for the District of Maryland. The complex nature of this subject matter will make a view of the plaintiff's equipment and methods by the trier of facts appropriate in expeditiously resolving these issues of invalidity and infringement, and such a view or views as is deemed necessary can only be conveniently undertaken by the court in Baltimore.

2. Motion (2) to Transfer

Defendants' motion for transfer is brought under 28 U.S.C. Section 1404(a) which provides:

"For the convenience of the parties and witnesses, in the interests of justice, a district court may transfer any civil action to any other district or division where it might have been brought."

The factors which are to be considered in deciding a motion to transfer have been established as follows: (1) where the balance of convenience for the parties and their witnesses lies; (2) the relative ease of access to sources of proof; (3) the availability of process to compel attendance of unwilling witnesses; (4) the cost of obtaining willing witnesses; (5) where

the case can be tried more expeditiously, inexpensively, and with the greatest relative ease; and (6) the possibility of a view of the premises if that be appropriate. Oil & Gas Ventures v. Kung, 250 F.Supp. 744, 754 (S.D.N.Y. 1966); Gulf Oil Corp. v. Gilbert, 330 US 501, 508 (1946).

Although plaintiff filed this declaratory action one day prior to defendant Tenneco Chemicals infringement suit in Baltimore, it has been established in this District that a party's priority in starting a suit or the choice of forum is not entitled to determinative weight. In the case of Duplan Corp. v. Deering Milliken, Inc., 324 F.Supp. 102 (S.D.N.Y. 1970), plaintiff sought a declaratory judgment of patent invalidity, non-infringement, and patent misuse. Defendant brought a motion for transfer to the District of South Carolina where related actions were pending.

Judge Edenstein granted the motion and stated:

"Courts have held that minimal weight should be given to plaintiff's choice of forum where the plaintiff has chosen a district having no substantial connection with the parties or the subject matter." (324 F.Supp. at 104)

In the case of Sweetheart Plastics Inc. v. Illinois Tool Works, Inc., 267 F.Supp. 938 (S.D.N.Y. 1967), the dealings between the parties paralleled those of Burnett and Tenneco Chemicals. There the defendant charged Sweetheart with infringement, and following an exchange of correspondence the representa-

tives of the parties met. It was alleged that Sweetheart agreed to consider a proposed patent license and to advise the defendant of its decision. Soon thereafter Sweetheart filed a declaratory judgment action in New York, and defendant followed with an infringement action in Illinois. In granting defendants' motion to transfer Judge Weinfeld noted that while the plaintiff had successfully "outraced" the defendant to the courthouse:

"...neither its priority in starting suit nor its choice of forum [was] entitled to determinative weight." (267 F.Supp. at 941-42)

To the same effect is Judge Bonsal's statement in Gallen v. Howard D. Johnson Co., 271 F.Supp. 680 (S.D.N.Y. 1967), an antitrust action arising out of transactions in Florida. In granting defendants' motion to transfer Judge Bonsal noted:

"...the fact that the plaintiffs instituted their actions in this district will not control. The plaintiff chose to do business in Florida and the controversy developed in Florida and has little connection with this District [citations omitted]." [271 F.Supp. at 683]

The facts set forth in the annexed affidavits establish that the present controversy between Burnett and Tenneco Chemicals has no connection with this District. It is submitted therefore that in deciding this motion to transfer, plaintiff's priority in filing suit in this District is entitled to little or no weight.

- (a) The District of Maryland is a Forum in which Plaintiff's Action Might Have Been Brought against Tenneco Chemicals

As set forth in the pleadings, plaintiff is a Maryland corporation with a principal place of business in Baltimore, Maryland. Both defendants are Delaware corporations but as will be explained below, only Tenneco Chemicals is subject to service of process in Maryland. The defendant Tenneco, Inc. is not licensed to do business there, and as we are presently advised, would not be subject to service of process in Maryland. In moving this Court to transfer this action to Maryland it is therefore recognized that complete transfer is contingent upon a favorable ruling as to motion (1) for dismissal as to defendant Tenneco, Inc. However, the alternative motions (3) to stay, or (4) to dismiss this action entirely, can be considered independently of motion (1).

Tenneco Chemicals' corporate presence in Maryland cannot be questioned. It is licensed to do business in Maryland and is subject to suit there through the appointment of an agent for receipt of service of process (Exhibit A, Flint Affidavit). In addition, Tenneco Chemicals has a place of business located a few miles outside Baltimore City. (Exhibit C, Buff Affidavit). This facility deals in the same type of products that plaintiff manufactures, and it is believed that plaintiff's agents have been long familiar with the location of this facility.

(b) The Convenience of the Parties and Witnesses

The affidavits of Fred Buff and Michael Ricciardi, attached as exhibits C and D, respectively, attest to the fact that the development of the inventions claimed in the patents in controversy took place in Hazleton, Pennsylvania. Buff's affidavit, paragraph 6, sets forth the names and location of eleven people that were employed at the Hazleton facility and whom he believes would have knowledge relevant to the development of the round block inventions. Nine of these eleven people who were then employed by the General Foam Corporation (the predecessor in interest of Tenneco Chemicals to the patents involved in this suit) still reside in the Hazleton vicinity. Of the nine people still residing in the Hazleton area six are employed by Tenneco Chemicals. Mr. Ricciardi's affidavit paragraphs 4 and 7 sets forth the facts to which some of those individuals (including himself) would be able to testify concerning the development of the inventions. While it was not possible within the time available for filing this motion to contact those people living in the Hazleton vicinity who were no longer employed by Tenneco Chemicals, or even two of those still with the company, it is believed that the testimony of all the people named could be relevant and material in providing a factually accurate description of the events and circumstances relating to the inventions' development.

It is to be noted that the only individual thus far determined to have any connection with this suit and this District is Mr. Fred Buff who has an office in New York City.

As both the affidavits of Buff (paragraph 5), and of Ricciardi (paragraph 5) state, the records relating to the invention are located at Hazleton, Pennsylvania.

Of prime importance is the traveling convenience and expense of the witnesses. Both Buff and Ricciardi confirm that the traveling time by automobile from Hazleton is somewhat shorter to Baltimore, and that driving conditions south on interstate highways to Baltimore are much less arduous. We believe that this Court may take notice from its own experiences that traffic and commuting conditions in and around the New York metropolitan area are far from satisfactory.

Although unsupported by sworn testimony, our own brief survey of hotel accommodations and prices indicates that witnesses could generally be lodged with less expense to defendants in the Baltimore area. It may also be noted that one of defendants' attorneys would have lodging available in Baltimore at no expense (Exhibit E, affidavit of Thomas E. Spath, paragraph 11.)

While it is not possible to predict with certainty the type of expert testimony which will be required to assist in resolving the issues, the names and addresses of the witnesses which Tenneco Chemicals might reasonably anticipate at this stage of the proceedings

to call as expert witnesses, both of whom have agreed to testify, if called, are set forth in paragraph 10 of the Buff affidavit. Mr. Seidman, a commercial expert, lives in the Baltimore area and there can be no question but that his convenience would be served by a trial in the Maryland District. Expenses to defendants would be minimized where the witness could return to his home for the evening. Dr. Wilson, a technical and scientific expert, resides in North Carolina so that his traveling time and expenses would be reduced by transferring this action to Baltimore.

It is submitted that defendants have made a substantial showing that the convenience of the greatest number of witnesses who will be material to its case, will be served if this matter proceeds to trial in Baltimore.

While the testimony of Mr. Buff as a co-inventor will probably be required, this cannot be held to counter-balance the inconveniences and expense which would be involved with the majority of the other witnesses, including the experts named.

In addition, it would appear appropriate for the Court to consider the convenience to plaintiff's own corporate employees in Baltimore, some of whom will presumably be called in the presentation of plaintiff's case. It is also believed that plaintiff's principal counsel are located in the Washington, D.C. vicinity and that plaintiff's New York counsel have been retained as associates for appearance before this Court.

(c) The Interests of Justice will be Served by Transferring this Case to the District of Maryland

(1) The Importance of a View of the Equipment and Process in Dispute

Plaintiff's complaint asks this Court to declare that none of the patents cited have been infringed by plaintiff's actions. However, plaintiff's manufacturing operations upon which this court is asked to make a judgment, are conducted in Baltimore City. The general subject matter of the cited patents relates to large scale mechanical apparatus comprising mixing heads, rolls, conveyors, moulds and peripheral equipment for the continuous production of cylinders of polyurethane foam measuring as much as 40 inches or more in diameter. The overall size of the equipment makes a meaningful demonstration to the court impossible, except at its actual location in plaintiff's facility. It may be reasonably anticipated that such a demonstration will be essential to a proper determination of the issues.

A view of plaintiff's equipment could readily and conveniently be undertaken by the court in Baltimore City. The federal courthouse located in downtown Baltimore is within a 10 to 15 minute automobile ride from plaintiff's facility.

The importance of a view was expressed by the Supreme Court in Gulf Oil Corp. v. Gilbert, supra. The opportunity for the trier of fact to view the object of the controversy has been consistently recognized in this District in

deciding motions to transfer. See Judge Edelstein's opinion in Duplan Corp. v. Deering Milliken, Inc., 324 F.Supp. 102, 104-105 (S.D.N.Y., 1970); Judge MacMahon's opinion in Spencer et al. v. Jacet Construction Corp., 258 F.Supp. 473, 474 (S.D.N.Y. 1966); Judge Bonsal's opinion in Gallen v. Howard D. Johnson Co., 271 F.Supp. 680, 683 (S.D.N.Y. 1967); and Briendel v. Levitt and Sons, Inc., 294 F.Supp. 42, 44 (E.D.N.Y., 1968), relating to a real estate transaction, wherein Judge Travia states that the opportunity of a view to inspect the land could be decisive in determining whether the case should be transferred.

In addition to presenting the transferee court the convenient opportunity to view plaintiff's operations in determining the infringement issue, it is believed that plaintiff will raise issues of prior invention based on previous manufacturing methods employed. (See Exhibit E, Affidavit of Thomas E. Spath, paragraphs 1 - 10, annexed.) While defendants do not at this time know whether plaintiff has retained physical evidence of these alleged prior methods, such evidence would be expected to be available in Baltimore for inspection by the transferee court.

(2) An Early Trial can be Had in Maryland

Another factor which must be considered by the Court in determining this motion to transfer is the relative congestion between the dockets of the transferee and transferor courts. Gallen v.

Howard D. Johnson Co., supra; Spencer et al. v.
Jacet Construction Corp., supra; Sweetheart
Plastics, Inc. v. Illinois Tool Works, Inc., supra.

Attorneys for defendants have been informed through local counsel in Baltimore that the approximate time lapse between filing and trial is about one year. This estimate was provided by Mr. Arthur J. Robertson, Clerk of the Court of the District of Maryland.

This Court's own docket will, of course, be determinative of when this case can be heard, and the Court itself must determine in which forum this case will receive a speedier trial.

(3.) Motion (3) to Stay

The rule is well established that the power to stay and action in a Federal Court pending the outcome of a similar suit in another district lies largely within the discretion of the trial court. Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co., 342 U.S. 180 (1952). As discussed above in support of the motion to transfer, the priority of filing suit is of lesser importance in deciding a motion for stay, and factors of judicial economy, cost and convenience to the litigants, and avoidance of multiple determinations of the same dispute must be considered.

We therefore request this Court to stay this action in the event that it determines that it cannot be transferred to Maryland because of the absence of the defendant Tenneco, Inc. from that jurisdiction. We believe that the present controversy between the parties can be finally determined most conveniently in Maryland and that any doubt as to possible prejudice to plaintiff resulting from a trial in Maryland can be resolved by this Court's maintaining jurisdiction, but staying further proceedings here. See K-Tel International, Inc. v. Zuro, 176 U.S.P.Q. 466 (D. Minn. 1971).

(4.) Motion (4) to Dismiss

As a third alternative to defendants' motions to transfer, or to stay, this Court is respectfully requested to dismiss this action entirely as to both defendants. If the Court grants motion (1) to dismiss this action as to Tenneco, Inc., further expenditure of judicial time and effort can be obviated by dismissing this action as to Tenneco Chemicals. Plaintiff will not in fact be prejudiced by such a dismissal since it will have the opportunity to file a counter-claim under Rule 13 with its answer which is now outstanding in the Maryland infringement action. Plaintiff, in its declaratory judgment action, has in effect pleaded the standard defenses to a complaint for patent infringement.

The power to dismiss is clearly within the discretion of the Court. Under similar circumstances, Judge Holtzoff dismissed plaintiff's declaratory judgment action in the District of Columbia in favor of the defendants' later-filed infringement suit in Connecticut, stating:

"It lies in the discretion of the Court whether to entertain an action for a declaratory judgment. To maintain such a suit is not a matter of right. The philosophy on which the Declaratory Judgment Act *** is based and the very purpose of permitting suits to be brought for a declaratory judgment is to allow and provide a method for adjudicating the rights of parties prior to the time that they are in shape for adjudication by a suit for damages or for some

other affirmative relief." American Greiner Electronic, Inc. v. Establissemens Henri, 174 F. Supp. 918 (D.D.C. 1959). See also, Jomar Ind., Inc. v. Dubiner, 169 USPQ 392 (D.D.C. 1971) where Judge Parker dismissed a declaratory judgment action under the same circumstances.

Clearly, Judge Holtzoff's statement of the purpose and intent of the Declaratory Judgment Act has application to the factual circumstances surrounding this controversy. The issues raised by the parties are "in shape for adjudication by a suit for damages or for some other affirmative relief" in the Baltimore action.

As previously mentioned, the only patent in suit in the Maryland action is the '845 patent relating to a method for producing round block, while in the New York action there are two additional patents '698 and '894 relating to apparatus for making round block. Tenneco Chemicals did not sue for infringement of the '658 and '894 patents because it did not have sufficient knowledge of the equipment used by Burnett to determine whether they were infringed.

Thus, while technically all the issues as to the three patents cannot be resolved in the Maryland action in its present posture, this can be easily overcome by (1) a counterclaim by Burnett in Maryland bringing in the other two patents or (2) an order by this court requiring as a condition for dismissal of the N.Y. action that Tenneco Chemicals, Inc. amend the Maryland complaint to add the two patents.

As demonstrated previous in this Memorandum, this controversy has no real or imaginable connection with this District, and the action can proceed more conveniently and economically for all the parties in plaintiff's home forum.

Plaintiff did in effect "outrage" defendant Tenneco Chemicals to the Courthouse. Following the meeting of representatives of the parties, plaintiff's President requested time to consider the infringement charge and the terms of the patent license offered by defendant. Four days before the deadline set for its reply to Tenneco Chemicals, plaintiff filed this suit.

This Court is therefore urged as an alternative to transferring or staying this action to dismiss it in favor of the action in Maryland.

G. MOTION (5) TO DISMISS, AND THE ALTERNATIVE MOTION (6) FOR A MORE DEFINITE STATEMENT

Defendants have not yet filed an answer to the complaint seeking declaratory relief.

Paragraph 11 of the complaint alleges,

"Each of United States Patent Nos. 3,281,894; 3,296,658; and 3,476,845 is unenforceable in the hands of defendant, inter alia, for misuse by defendants, and violation of the antitrust statute, such facts being known to defendants."

Defendants bring the related motions (5) and (6) in the alternative on the basis that plaintiff's pleadings of patent misuse and antitrust statute violations do not approach compliance with the provisions of Rule 8(a) and 8(e) of the Federal Rules of Civil Procedure.

It has been established that a bare allegation of antitrust law violation, such as that of paragraph 11 of the complaint, does not constitute a sufficient pleading. As Judge Friendly stated in Klebanow v. New York Produce Exchange, 344 F.2d 294, 299 (2d Cir., 1965),

"A mere allegation that defendants violated the antitrust laws as to a particular plaintiff and commodity no more complies with Rule 8 than an allegation which says only that a defendant made an undescribed contract with the plaintiff and breached it, or that a defendant owns a car and injured plaintiff by driving it negligently."

Further citation of authorities with respect to the insufficiency of this type of pleading is believed to be unnecessary.

We submit that this Court can take judicial notice of the fact that parties charged with patent infringement routinely enter pleadings against the patentee alleging violations of the antitrust laws, patent misuse, fraud on the Patent Office, etc. when, in fact, no real or even honestly suspected factual basis is known to support such allegations.

This motion is therefore brought in the alternative. If plaintiff opposes this motion, the Court is respectfully urged to require plaintiff to provide a more definite statement of the facts or occurrences which would support such allegations. The submission of such a statement is of especial importance in connection with defendants' motion (1) to have this suit dismissed as to Tenneco, Inc.

This motion is also brought in an attempt to more clearly define the controversy which exists between the parties to this suit. Defendants have moved in motion (2) to have this case transferred to the District of Maryland where an infringement suit was brought against Burnett by

Tenneco Chemicals. It is believed that the pleadings of misuse and antitrust violations are mere "boilerplate" and that if plaintiff has some reasonable bases to support these allegations they must be brought out now, so that this Court can consider these factors in connection with its decision on defendants' preceding motions.

Respectfully submitted,

MCLEAN, BOUSTEAD AND SAYRE
Attorneys for Defendants
14 West 49th Street
New York, New York 10020
(212) 245-0211

By James C. Smith

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

WM. T. BURNETT & COMPANY, INC., :

Plaintiff, : Civil Action File No.
vs. : 73-CIV 1214
TENNECO CHEMICALS, INC. : M.E.F.
and TENNECO, INC., :
Defendants. : AFFIDAVIT OF GEORGE S. FLINT

STATE OF NEW JERSEY)
) s.s.:
COUNTY OF BERGEN)

I, GEORGE S. FLINT, being duly sworn, depose and say
that:

1. I am Vice President and Secretary of Tenneco Chemicals, Inc., a corporation of the State of Delaware.
2. I am Vice President and Treasurer of Tenneco Corporation, a corporation of the State of Delaware.
3. I am an Assistant Secretary of Tenneco Inc., a corporation of the State of Delaware.
4. All of the capital stock of Tenneco Chemicals, Inc. is owned by Tenneco Corporation, and all of the common stock of Tenneco Corporation is in turn owned by Tenneco Inc. Tenneco Corporation is a controlled subsidiary of Tenneco Inc.
5. Tenneco Chemicals, Inc. is autonomous in its day-to-day business operations and is managed by officers separate from the executive staff of either Tenneco Corporation or Tenneco Inc. In addition, Tenneco Chemicals, Inc. is responsible for its own profits and losses.

6. Tenneco Chemicals, Inc. is the sole owner of the patents which are the subject of this suit and is solely responsible for the management, licensing and enforcement of all rights under the patents.

7. The net property, plant and equipment of Tenneco Chemicals, Inc. was at December 31, 1972 in excess of \$150,000,000; its net income before taxes for the year 1972 was in excess of \$10,000,000.

Leanne S. Fliest

Sworn to before me this
26th day of April, 1973
Alma M. Mark

CLERK'S PLACE
NOTARY PUBLIC, STATE OF NEW YORK
LEANN S. Fliest
Clerk of Court - Bronx County
Bronx, New York, U.S.A., 1973

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

40a

-----x
WM. T. BURNETT & COMPANY, INC.,

Plaintiff, : Civil Action File No.
 : 73-CIV 1214
 : M.E.F.

vs.

TENNECO CHEMICALS, INC.,
and TENNECO, INC.,

: AFFIDAVIT OF GEORGE S. FLINT

Defendants. - x

STATE OF NEW JERSEY)
) s.s.:
COUNTY OF BERGEN)

I, GEORGE FLINT, being duly sworn, depose and say that:

1. I am Vice President and Secretary of Tenneco Chemicals, Inc., a corporation of the State of Delaware.
2. Tenneco Chemicals, Inc. could have been sued by plaintiff in the U. S. District Court for the District of Maryland by virtue of the fact that it is licensed to do business in the State of Maryland and has thereby nominated a statutory agent for service of process. Moreover, Tenneco Chemicals, Inc. has established a place of business in the State of Maryland.

George S. Flint

Sworn to before me this

26th day of October, 1973

George S. Flint

RECEIVED
U.S. DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
OCT 26 1973

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----x
WM. T. BURNETT & COMPANY, INC., :
Plaintiff, :
vs. : Docket No. 73 CIV 1214
TENNECO CHEMICALS, INC. :
and TENNECO, INC., :
Defendants.
----- x

AFFIDAVIT OF THOMAS E. SPATH
IN SUPPORT OF MOTION TO DISMISS, TRANSFER OR STAY

Thomas E. Spath, being duly sworn, says that:

1. I am an attorney, admitted to practice law in the State of New York, employed by the firm of McLean, Boustead and Sayre, which represents defendants Tenneco Chemicals, Inc. and Tenneco, Inc.

2. On March 7, 1973, I was present at a meeting held in Tenneco Chemicals' offices located at Saddle Brook, New Jersey, which meeting was also attended by Mr. George S. Flint, Vice-President and Secretary of Tenneco Chemicals, Inc., N. Dale Sayre, a partner in the firm representing Tenneco Chemicals, and Mr. Richard Tucker, President of plaintiff Wm. T. Burnett & Co., Inc. ("Burnett") and Mr. Donald Wight, Esq., patent counsel to Burnett.

3. During this meeting the scope of the claims of the patents owned by Tenneco Chemicals, and particularly of U.S. Patent No. 3,476,845 were discussed, as well as the

production methods used by Burnett in making round block polyurethane foam.

4. At the meeting, the representatives of Burnett discussed the present methods employed in making round block polyurethane foam, as well as prior methods leading up to the present method. Burnett's representatives asserted that their methods antedated the filing date of the earliest Tenneco Chemicals patents which were under consideration. All of these developments were stated to have been made in Burnett's Baltimore manufacturing facility.

5. At the meeting, the Burnett representatives also asserted that the development of the various methods of manufacturing round block polyurethane foam were known to an officer of the company which was the predecessor in interest to Tenneco Chemicals, as owner of the patents involved in this suit, and which was acquired by Tenneco Chemicals.

6. At the meeting, the representatives of Tenneco Chemicals also offered to grant Burnett a license to practice the inventions claimed in the Tenneco Chemicals' patents relating to the production of round blocks of polyurethane foam at a royalty based on product sales.

7. The Burnett representatives agreed to consider the matter of infringement and the offer of a license and the date of March 26, 1973 was set as the date that Tenneco Chemicals would be informed of Burnett's final decision. Prior to this date, on March 22, 1973, Burnett filed this action for declaratory judgment in this Court.

8. Based upon the statements made by Burnett's president and patent counsel during the meeting of March 7, 1973, it is believed that Burnett will attempt to prove that Tenneco Chemicals' patents are invalid on the grounds that:

- (a) the invention was known or used by Burnett, before the invention thereof by the inventors of the patents in suit, thus raising the statutory defense of 35 U.S.C. §102(a);
- (b) the inventors named in the patents in suit did not invent the subject matter of the claims in issue, thus raising the statutory defense of 35 U.S.C. §102(f);
- (c) before the invention of the subject matter claimed in the patents in suit, the invention was made by Burnett, thus raising the statutory defense of 35 U.S.C. §102(g).

9. Because Burnett's representatives asserted that all of the development work on which it is believed that Burnett will rely was done in its Baltimore manufacturing facility, it would be more appropriate and convenient for the Baltimore court to personally view any of the physical evidence still located in Burnett's Baltimore plant in deciding the issues set forth in paragraph 8 above.

10. Burnett has also raised the issue of non-infringement by the methods which it currently uses in manufacturing round blocks of polyurethane foam. The unusual opportunity for the Baltimore court to conveniently

view Burnett's operations would be of invaluable assistance to the court in deciding the infringement question raised by plaintiff.

11. In addition to being admitted to the Bar of the State of New York, I am admitted to practice law in the State of Maryland. Baltimore City was my residence for over twenty years, is the location of the University of Maryland Law School which I attended, and is the residence of my parents. My expenses to defendants associated with further proceedings before the Baltimore court would be minimal since I would not incur charges for lodging. I personally would not be inconvenienced by such sojourns as are customarily encountered in pre-trial discovery and in patent litigation, but would rather look forward to periodic visits to my home town.

Thomas E. Spath
THOMAS E. SPATH

STATE OF NEW YORK)
: ss.
COUNTY OF NEW YORK)

Subscribed and sworn to before me this 30th day
of April, 1973.

Elizabeth J. Dullaghan
NOTARY PUBLIC

ELIZABETH J. DULLAGHAN
Notary Public, State of New York
No. 03-17700-3
Qualified in Ulster County
Cert. Filed in New York County
Commission Expires March 30, 1975

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

Wm. T. BURNETT & COMPANY, INC.,)
)
)
Plaintiff,)
) Civil Action File No.
- vs -) 73 CIV 1214
)
)
TENNECO CHEMICALS, INC., and)
TENNECO, INC.,)
)
Defendants.)

Filed June 8, 1973

MEMORANDUM IN SUPPORT OF PLAINTIFF'S
OPPOSITIONS TO DEFENDANTS' MOTION FOR DISMISSAL,
TRANSFER OR STAY OR FOR MORE DEFINITE STATEMENT

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

Wm. T. BURNETT & COMPANY, INC.,)
)
Plaintiff,) Civil Action File No.
- vs -) 73 CIV 1214
)
TENNECO CHEMICALS, INC., and)
TENNECO, INC.,)
)
Defendants.)

MEMORANDUM IN SUPPORT OF PLAINTIFF'S
OPPOSITIONS TO DEFENDANTS' MOTION FOR DISMISSAL,
TRANSFER OR STAY OR FOR MORE DEFINITE STATEMENT

Defendants on May 1, 1973 filed a memorandum alleging support for its motion to dismiss, transfer or stay, or for a more definite statement, and in opposition to plaintiff's motion to enjoin the Baltimore action (plaintiff's motion dated April 5, 1973). Plaintiff respectfully submits that upon careful analysis the memorandum fails to properly state the issues involved in this action, and falls short of showing that the present action should be transferred, or stayed in preference to the Baltimore action, or dismissed as to Tenneco, Inc., or Tenneco Chemicals, Inc. Moreover, dismissal of, or a more complete statement as to plaintiff's allegation in its pleading of patent misuse and anti-trust violations are not warranted at this time.

For convenience of the court, the sections and sub-sections of this memorandum will correspond to the sections and sub-sections of defendants' memorandum.

A. THE TWO ACTIONS

1. The New York Declaratory Judgment Action

Plaintiff concurs that the present declaratory judgment action was filed on March 22, 1973 against Tenneco, Inc. and Tenneco Chemicals, Inc., and involves U. S. Patent Nos. 3,281,894; 3,296,568, and 3,476,845 directed to a method and apparatus for the production of polyurethane foam. For a complete and proper understanding of this action, however, more background must be set forth.

Plaintiff, the Burnett Company, started a foam manufacturing operation as an extension of its then existing business in about 1955. Soon after starting this operation, due to the small size of Burnett, the company concentrated on the specialty foam market by producing high-quality foam, although all types of foam were produced and sold. Much of the specialty-type foam was used in and by the textile industry. One early customer of Burnett was the General Foam Corporation, a predecessor of the Tenneco Chemicals' Foam and Plastics Division, defendants herein, who at the time was only a foam fabricator, i.e., General Foam Corporation did not produce foam but used the foam in end products. This relationship of manufacturer and customer between Burnett and General Foam continued until July of 1961 when General Foam started producing its own foam of all types. (Prior to July 1961 General Foam Corporation apparently produced polyether foam, but not polyester peeling foam.)

In the early years of Burnett's foam manufacture, the foam was in the form of rectangular blocks. With the advent of "peeling" in about 1957, whereby a thin sheet of foam is sliced from a continually

rotating cylinder of foam, the need for and the advantages of round foam blocks became apparent. Accordingly, at least as early as about 1958, Burnett started experimenting with round block foam. Burnett advised its customers of this, including General Foam Corporation, and on August 4, 1960 shipped General Foam Corporation at its Hazelton, Pennsylvania, fabricating plant a round peeling block of foam. This work on round block foam continued after July 1961, the time when General Foam started producing its own foam of all types. Burnett's round block foam process was not fully commercialized until some time in 1967, however, because, due to the formulation of the foam, when cast as round blocks visual cell irregularities developed, which irregularities were carried over into the thin sheets of foam sliced from the round blocks. These visual irregularities caused the thin sheets of foam to be not completely acceptable for Burnett's specialized trade, although such foam was acceptable for other uses where the irregularities were not visible in the final product, including in the manufacture of leather goods such as purses, use in automobile interiors, in furniture components, and the like.

In approximately 1967 Burnett changed its foam formulation to include use of a new surfactant which appeared on the market at about this time, and this change permitted Burnett to make high-grade, completely flaw-free foam in round blocks. The process employed, however, was substantially the same as that used at least as early as 1960 and which was in use by Burnett at the time it provided the round peeling block to General Foam Corporation in August of 1960.

Thereafter, starting on February 10, 1967, General Foam

Corporation, the predecessor of Tenneco Chemicals' Foam and Plastics Division through its 134th Street, New York, New York office; and later Tenneco Chemicals, again through the 134th Street office, or offices elsewhere in New York, periodically impliedly charged Burnett with infringement of the patents in suit, among others, as a result of its foam production and suggested a license under these patents, or directly charged infringement. During the same period, Reeves Brothers, Inc., through its New York offices, asserted an additional patent, i.e., Boon et al, U.S. Patent No. 3,325,573, against Burnett as a result of Burnett's practicing its round block foam process. Note the affidavit of Donald M. Wight, patent counsel for Burnett, and appended exhibits.

Burnett, through its attorneys, having previously told Tenneco Chemicals, its predecessor General Foam Corporation, and Reeves Brothers, Inc., that a license was not needed, again reviewed the various patents noted by Tenneco Chemicals and Reeves Brothers, including the patents in suit herein, and concluded, inter alia, (1) that the Tenneco Chemicals' method patent (the --845 patent) and Reeves Brothers' patent 3,325,573 could not both be valid and still infringed by Burnett; (2) that at most only one of the Tenneco Chemicals' method patent and the Reeves Brothers' --573 patent could be valid; and (3) that the Tenneco Chemicals' patents and Reeves Brothers' patent were not infringed by the Burnett apparatus or process, or were invalid in view of the early Burnett work more than one year before, and made public more than one year before, the filing of the applications maturing into the patents, i.e., invalid under 35 U.S.C. 102.

Note the Breiner affidavit.

To clarify the issues which had been hanging over Burnett as a result of the charges of infringement by both Tenneco Chemicals, its predecessor, or Reeves Brothers since about 1967, Burnett filed on March 22, 1973 the present declaratory action, Civil Action No. 73 CIV 1214, against Tenneco Chemicals, Inc. and Tenneco, Inc.; and a second declaratory judgment action, Civil Action No. 73 CIV 1215, against Reeves Brothers, Inc. Thereafter, on April 3, 1973, the Burnett Company requested, by letter to Mr. Raymond K. Sexton, Coordinating Clerk of this court, that the two actions be consolidated before this court in view of the common issues in the two declaratory judgment actions.

It is plaintiff's belief that by having both declaratory judgment actions pending before this court, with the court having direct jurisdiction over Tenneco Chemicals at its 134th Street plant, and over Reeves Brothers, Inc., at its 1271 Avenue of the Americas address; and over the documents of each of the defendants, it will be able to control, or at least partially control, the nature of the action so as to consolidate discovery, thereby reducing the expenses to plaintiff and also conserve the time of the court.

The Southern District of New York is the proper place for bringing these actions in view of the location of the Reeves Brothers corporation in New York, as well as its attorneys being located in New York, with all of the correspondence regarding infringement flowing from New York. General Foam Corporation, at least as early as 1957, has had an office, or has had a plant at 134th Street in New York,

which plant is still being operated as a Division of Tenneco Chemicals; and Tenneco Chemicals has had an office at 280 Park Avenue, New York New York. Its attorneys are in New York. All correspondence from Tenneco, or its predecessor with regard to infringement originated in New York at either the General Foam Corporation/Tenneco Chemicals' Foam and Plastics Division office at 134th Street or the 280 Park Avenue office of Tenneco Chemicals, Inc. The personnel of defendants in each of the declaratory judgment actions considered essential to plaintiff's case, and the documents of each of the defendants essential to plaintiff's case are believed to be within the direct jurisdiction of this court.

2. The Maryland Patent Infringement Action

In this sub-section, defendants assert that they do not have complete knowledge with regard to plaintiff's apparatus. Plaintiff notes that defendants herein must have the same information, or as much information with respect to the apparatus which plaintiff employs as it does with respect to plaintiff's method of operation. Otherwise, plaintiff has no present knowledge that the statements in this sub-section are inaccurate.

B. THE SUBJECT MATTER IN SUIT

Plaintiff generally agrees with paragraphs 1 and 2 of this section, but asserts that Tenneco Chemicals' predecessor, General Foam Corporation, was not the first company in the world to produce round block polyurethane foam. Before General Foam Corporation started manufacturing foam, at least polyester peeling foam, the Burnett Company, i.e.,

as early as August 4, 1960, provided a round peeling block to General Foam Corporation at its Hazelton, Pennsylvania, plant. Note Exhibit X-1 of the Breiner affidavit.

C. THE PARTIES

1. Burnett

Plaintiff acknowledges that the Burnett Company is a Maryland corporation having a principal place of business in the City of Baltimore. There is no facility in the City of Baltimore for the production of round blocks of flexible polyurethane foam. Plaintiff's facility is approximately twenty (20) miles from Baltimore in Jessup, Maryland.

Plaintiff acknowledges that there is substantial market competition between Burnett and the Tenneco Chemicals Foam and Plastics Division in the production of round block foam. Plaintiff queries whether it is this competition by Burnett which defendants have attempted to stifle with its periodic, but continuing assertion of patent infringement since 1967, and with its broad assertion above of being the first company in the world to produce round blocks of polyurethane foam when the records show that the Burnett Company provided defendants' predecessor, General Foam Corporation, with a round peeling block of foam at least as early as August 4, 1960.

2. Tenneco Chemicals and Tenneco, Inc.

As to this section, plaintiff queries the meaning of a "controlled operating subsidiary." This control is not explained by defendants elsewhere in their memorandum or in the affidavit of Mr. George S. Flint. Accordingly, until this control can be determined, it is still not clear that Tenneco, Inc., is not a necessary party.

This section of defendants' memorandum is incomplete in not setting forth the relationship between Burnett and General Foam Corporation between the period of approximately 1957 and July of 1961. During the early part of this period General Foam Corporation did not produce foam, at least not polyester peeling foam, but was only a fabricator of foam. The Burnett Company during this period sold substantial volumes of foam to the General Foam Corporation, gave General Foam Corporation substantially free access to its manufacturing processes, and provided General Foam at least as early as August 4, 1960 with a round peeling block of polyester-urethane foam.

Furthermore, although Tenneco Chemicals wrote to plaintiff on May 22, 1972 with regard to its patents, the May 22, 1972 letter, as seen from Exhibit T-14 of the affidavit of Donald M. Wight, refers not only to the 3,476,845 patent, but to U.S. Patent Nos. 3,281,894; 3,296,658; 3,488,800, and 3,496,596 as well. As seen from Exhibits T-1 through T-21, the first threat of infringement or suggestion of infringement occurred on February 10, 1967 and was periodically carried forward with appropriate responses by plaintiff leading to the May 22, 1972 letter, and terminating with the February 22, 1973 letter and the March 7, 1973 meeting. Thus, defendants' threats of infringement have been hanging for a period of more than six years prior to the filing of plaintiff's declaratory judgment action.

While plaintiff can agree that on March 7, 1973 attorneys and officers for both Burnett and Tenneco Chemicals met and discussed the nature of Tenneco Chemicals charge of infringement, plaintiff steadfastly maintained that it did not infringe defendants' patents or that the patents were invalid. Before finally closing off negotiations, plaintiff wished to determine whether other members of the Burnett Company agreed with the conclusions of Mr. Tucker, President of Burnett, and Donald M. Wight,

attorney for Burnett, plaintiff's representatives at the March 7, 1973 meeting, as to non-infringement and/or invalidity. At no time at this meeting did Tenneco Chemicals state when it would file an infringement action against plaintiff. Particularly since this matter had been hanging over Burnett since February of 1967, plaintiff had no clear reason to believe that defendants would take immediate action, or whether it would continue to harass only.

E. THE MOTION (1) TO DISMISS AS TO TENNECO, INC.

Defendants assert in this section that Tenneco Chemicals is financially responsible, autonomously operated, and a legal entity separate from Tenneco, Inc.; and Tenneco, Inc., has no control over the patents in suit. This section of defendants' memorandum is not in complete accord with defendants' assertion at page 3 of its memorandum that Tenneco Chemicals is a controlled, operating subsidiary of Tenneco, Inc. Mr. George S. Flint's affidavit at paragraph 4 utilizes the same terminology and again does not explain the meaning of this terminology. Accordingly, until such meaning is determined, it is submitted that Tenneco, Inc., should remain a party to this action.

Further in regard to this section, at the paragraph bridging pages 6 and 7, defendants assert that plaintiff has not sought damages in this declaratory judgment action. It is noted that plaintiff is requesting in its prayer for relief, an award of costs and attorneys fees and such other relief as in the judgment of this court is proper. Such other relief can include damages if plaintiff's allegation with regard to the anti-trust statutes and patent misuse are proven during the trial of this case.

F. MOTION (2) TO TRANSFER, (3) TO STAY, AND (4) TO DISMISS

1. Introduction

With respect to this paragraph, plaintiff concurs that it has a motion to enjoin defendants from further prosecuting the patent

infringement action filed in the United States District Court in Maryland (plaintiff's motion filed April 5, 1973). Plaintiff's assertions in opposing defendants' three alternative motions are in affirmative support of plaintiff's motion. Apparently defendants are in accord that both actions, i.e., the present action and the action in Maryland, should not go forward. Accordingly, it is submitted that if the present action is not transferred, stayed, or dismissed, this court can enjoin defendants from prosecuting the action in the United States District Court in Maryland.

In this section of its memorandum, defendants assert grounds

(a) - (f) in support of its motion for transfer, stay, or dismissal. These grounds will be considered in the order that they are set forth.

- (a) Plaintiff concurs that its principal place of business is in the District of Maryland and that it is a Maryland corporation.
- (b) Defendants assert that the claim alleged in the complaint for this declaratory judgment action arose out of plaintiff's manufacturing activities in Baltimore. This is not accurate. The present declaratory judgment action arises as a result of the periodic, but continuing assertions by defendants through the periods of February 10, 1967 through February 22, 1973 that plaintiff infringes patents of defendants, all of these assertions originating either at defendants' office at 134th Street, New York, New York; its office at 280 Park Avenue, New York, New York, or the offices of defendants' attorneys at 14 West 49th Street, New York, New York. Note Exhibits T-1 through T-21 of the Wight affidavit. Accordingly, it does have connection with business transacted by defendants in this state

and District.

- (c) Plaintiff has no present reason to believe that defendant Tenneco Chemicals, Inc. does not have a principal place of business at Saddle Brook, New Jersey, or a place of business located at 264 Schilling Circle, Hunt Valley, Maryland. However, during the period of 1957 - 1961, when plaintiff was dealing with defendants' predecessor, General Foam Corporation, its contacts were the General Foam Corporation operation at 134th Street, New York, New York, or its plant at Hazelton, Pennsylvania. The place of business located at Schilling Circle apparently is only a year or so old. All charges of infringement by defendants originated in New York City at its plant or office at 134th Street; its office at 280 Park Avenue, or the office of its attorneys at 14 West 49th Street. Although this action could have been brought against Tenneco Chemicals, Inc., in the District of Maryland; it could not have been brought against the joint defendant, Tenneco, Inc., in the District of Maryland. Defendants acknowledge this at page 13 of its memorandum.
- (d) In this sub-section defendants assert that the majority of the witnesses, whose testimony as presently appears will be material and necessary on behalf of defendants, reside outside this District, i.e., the Southern District of New York, and could more conveniently be made available for trial in the District of Maryland. An examination of the list of witnesses set forth in the affidavits of Fred Buff and Michael A. Ricciardi

establishes that Mr. Buff, certainly one of defendants' principal witnesses since he is a patentee; Vice President of Teneco Chemicals, and General Manager of the Foam and Plastics Division at 134th Street in New York; Clint McDuffee, and Al Schoen, an earlier officer of General Foam Corporation, reside in New Jersey or New York. At least Mr. Buff and Mr. Schoen are within the jurisdiction of this court. The other witnesses listed reside in North Carolina, Canada, Ohio, or Pennsylvania, with the exception of Leonard Seidman listed as a possible expert who resides in Maryland, and thus are outside the jurisdiction of the Maryland court and this court. While defendants assert that travel is more convenient to Baltimore from Hazelton, Pennsylvania, than to New York, it is noted that at best this is asserted to be an hour's difference in driving time, i.e., the difference between three hours and 15 minutes and four hours and 15 minutes (paragraphs 8 and 9 of the Ricciardi affidavit). It is submitted that it is unlikely that many witnesses, if any will commute daily during the trial period. Accordingly, one hour cannot be a substantial factor. Furthermore, a check of the airlines, a more likely source of travel than car, establishes that there is no direct service between Hazelton, Pennsylvania, and Baltimore, Maryland; whereas there is direct service between Hazelton, Pennsylvania, and the Newark, New Jersey, airport, not inconveniently located from downtown New York. It is questionable, therefore, whether attendance for trial in

New York is anymore of an inconvenience than attendance at trial in the District of Maryland.

- (e) In this sub-section defendants assert that the expenses involved in bringing the majority of the witnesses to New York City for attendance at trial were estimated to be greater than if the action were tried in the District of Maryland. Although plaintiff has no clear basis for disagreeing with this contention, it is submitted that the expenses are substantially equivalent. It is further submitted that the difference in expenses cannot be a significant factor in determining whether this action should be transferred. It is noted that one of the joint defendants, Tenneco Chemicals, according to paragraph 9 of the affidavit of Mr. Flint, had a net income in 1972 in excess of \$10,000,000; and a net property, plant, and equipment value in excess of \$150,000,000. Tenneco, Inc., the parent company, asserts that it is a \$3,000,000,000 a year corporation. The marginal difference in expenses between New York and Maryland would not appear to be a factor.
- (f) Plaintiff acknowledges that an issue in the present action is the infringement of the patents in suit by plaintiff's process being utilized in the greater Baltimore city area. At the present time, however, it is not apparent that it will be necessary to view plaintiff's equipment and its method of operation, or, for that matter, that a Baltimore court, if the case is transferred, will agree to adjourn to plaintiff's plant where round block foam is being made which is approximately 20

miles from downtown Baltimore in Jessup, Maryland. It is certainly not plaintiff's or defendants' prerogative to require the court to submit to such viewing. A more central issue in this action involves the scope of the claims of the patents in suit; the relationship of these claims to other existing patents, i.e., the Reeves Brothers' patent (Boon et al, U.S. Patent No. 3,325,573), and the procurement and enforcement of these patents, all of which involve defendants' operation and records believed to be available at its 134th Street office, or at the offices of its attorneys, or possibly at its plant at Hazelton, Pennsylvania. Plaintiff's plant is not the central point of focus in this declaration judgment action, although defendant would probably like to make it so.

2. Motion (2) To Transfer

In this sub-section defendants assert that their motion to transfer is brought under 28 U.S.C. Section 1404(a), which provides that

"For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought." (Emphasis added)

While plaintiff can concur that the present action could have been brought in Maryland against Tenneco Chemicals, Inc., it could not have been brought in Maryland against the joint defendants, Tenneco Chemicals, Inc. and Tenneco, Inc. It is not certain that an action against Tenneco Chemicals, Inc., can survive in spite of the assurances herein of counsel for Tenneco Chemicals, Inc., and the

affidavit of Mr. Flint in view of the notices of infringement flowing from the Tenneco office at 280 Park Avenue on stationery designated Tenneco Chemicals, Inc., A Major Component of Tenneco, Inc., Tenneco (the April 2, 1971 letter of Daniel J. Reardon to Mr. Richard Tucker, Exhibit T-12 of the Wight affidavit), or stationery designated Tenneco Chemicals, Inc., a Tenneco Company, or other infringement notices on similar such stationery. Moreover, the statements of defendants' memorandum and affidavits are not fully consistent. At page 3 of the memorandum and in Mr. Flint's affidavit, paragraph 4, it is stated that defendant, Tenneco Chemicals, is a controlled operating subsidiary of Tenneco, Inc. To what extent is it controlled, and does this control mean that Tenneco, Inc., is an indispensable party. In view of the uncertainty, it is submitted that Tenneco, Inc., is a necessary party at least until discovery is had to obtain contrary information.

As such, the action could not have been brought in Baltimore against the joint defendants and transfer under 1404(a) is not possible.

Regardless of whether Tenneco, Inc., is a necessary party, the memorandum does not contain support sufficient to warrant transfer under 28 U.S.C. 1404(a). The cases cited by defendants in support of their position are readily distinguishable from the facts at hand.

In Duplan Corporation v. Deering Milliken, Inc., 324 F. Supp. 102, neither the plaintiff or defendant had substantial contact in the state of New York and the Southern District. In this present case, Tenneco Chemicals and Tenneco, Inc., have an operating plant, executive offices, and their attorneys stationed in the Southern District of New

York. All correspondence from defendant asserting infringement of the patents in suit originated in one of the New York City locations. The proposed licensing agreement submitted with Mr. Sayre's, attorney for Tenneco Chemicals, letter of February 22, 1973, establishes the place of business of Tenneco Chemicals to be 640 West 134th Street, New York, New York. One of the patentees is located in New York, which patentee is also a Vice President and General Manager of the Foam and Plastics Division. Other principal witnesses are available here. It is apparently this Foam and Plastics Division, with its central office at the 134th Street address, which controls all of the activity in foam manufacture and sale. More than the minimal connection referred to in Judge Edelstein's decision are, therefore, present in the present case.

The facts of Sweetheart Plastics, Inc. v. Illinois Tool Works, Inc., 267 F. Supp. 938, are substantially different. In that case there was an apparent race to the courthouse to see who would bring an action first. In this case, however, if there were a race, it was a very slow one. As noted in the Wight affidavit, the first charges or suggestions of infringement occurred in February of 1967 (Exhibit T-1). In spite of repeated assertions by plaintiff that a license was not necessary and that it was not interested in a license, no action was taken by defendants other than the periodic and continuing harrassing-type statements, causing plaintiff to repeatedly evaluate its position over a period of six years, finally leading plaintiff to the filing of the present declaratory judgment action to resolve the issues. At the time plaintiff filed its action, there was no statement

by defendants that they would file suit immediately even though they now say that they were prepared to file such suit. It is just as reasonable to assume defendants would have continued to let the threat of suit hang over plaintiff. Once plaintiff acted, however, defendants continued their harrassing-type activity by filing a second suit in Baltimore, requiring additional effort and expense on behalf of plaintiff including motions and cross-motions to enjoin and transfer. In any event, it is submitted that the "race" referred to in the Sweetheart Plastics case does not exist here where charges of infringement were periodically asserted and denied for over a period of six years.

The facts of the Gallen v. Howard D. Johnson Company, 271 F. Supp. 680, are also inapposite. In the present instance, it is quite apparent, regardless of the statement of defendants' attorney at page 12 of its memorandum, that Tenneco Chemicals "has no connection with this district," that there are substantial connections between the defendants and the present district. It is this district from which charges of infringement emanated; it is this district which houses the Foam and Plastics Division of defendants, the division primarily involved; it is this district from which defendants apparently control their Foam and Plastics Division through their Vice President and General Manager of their Foam and Plastics Division, Mr. Fred Buff; it is this district from which licenses were negotiated and consummated; and it is from this district from which defendants' attorneys operate.

(a) The District of Maryland Is A Forum In Which Plaintiff's Action Might Have Been Brought Against Tenneco Chemicals

Again plaintiff can concur that one of the joint defendants, Tenneco Chemicals, Inc., may have been reachable in Maryland. Tenneco, Inc., as admitted by defendants, could not have been reached in Maryland; and it is still debatable in view of the inconsistent statements in defendants' memorandum whether Tenneco, Inc., is an essential party. Moreover, from plaintiff's standpoint, it was more direct to establish service in New York than to establish service in Maryland, noting the related declaratory judgment action, Civil Action File No. 73 CIV 1215, involving Reeves Brothers, Inc., a New York company, on very closely related subject matter.

(b) The Convenience of the Parties and Witnesses

In this sub-section of defendants' memorandum, defendants note a list of eleven possible witnesses. None, except for a possible expert, is located in the Maryland area. It is not clear that these witnesses will be called; and, if called, it is not established as to what they can or will testify to, or the importance of such testimony. Certainly this does not meet the test of showing convenience to the witness which is set forth in Oil & Gas Ventures--First 1958 Fund, Ltd. v. Kung, 250 F. Supp. 744, at 756.

Defendants state at the bottom of page 14 that -

"It is to be noted that the only individual thus far determined to have any connection with this suit and this District is Mr. Fred Buff who has an office in New York City."

The inaccuracy of this statement is apparent from defendants' own affidavits. Mr. Al Schoen and Mr. Clint McDuffee are in the greater

New York area. Mr. Schoen is employed in Saddle Brook, New Jersey, but lives at 617 West 227th Street, Bronx, New York. Mr. McDuffee is employed in East Rutherford, New Jersey, and lives in Wayne, New Jersey. Furthermore, it is questionable whether it is more convenient to travel from Hazelton, Pennsylvania, to Baltimore, Maryland, than it is to travel from Hazelton, Pennsylvania, to New York, particularly when one considers the alternative manners of travel, i.e., the highway or by air. Although plaintiff can understand defendants' attorneys desire to have free lodging in the Baltimore area, it is not a factor to be given much weight. As this court held in Henderson v. American Airlines, (Southern District of New York, 1950), 91 F. Supp. 191; and United States v. Scott & Williams, Inc., (Southern District of New York, 1950), 88 F. Supp. 531, the convenience to the attorneys is not a deciding factor in a transfer action.

As to the expert witnesses, it is not seen that a substantial inconvenience to plaintiff or to the witnesses would be involved in having these witnesses testify in New York rather than in Baltimore. Mr. Seidman, who resides in Baltimore, can only be an expert as to commercial matters, and is not an expert from the technological standpoint. Accordingly, the testimony of this witness would necessarily be relatively brief.

Furthermore, since all of the fact witnesses listed by defendants, other than those within the jurisdiction of the New York court, are outside the statutory limit of either court, there can be no convenience to defendants through the ability of the Maryland court to compel the presence of witnesses. Although defendants make reference to ex-

penses, it is highly doubtful that the marginal difference is really a substantial factor to defendants; one of the joint defendants -- according to allegations by Mr. Flint -- has a net income in excess of \$10,000,000 per year, and a net property, plant, and equipment value of over \$150,000,000. The other joint defendant is a \$3,000,000,000 a year corporation.

Accordingly, the convenience to witnesses cannot be a sufficient factor to require transfer of this case. The courts have held in cases such as Oil & Gas Ventures -- First 1958 Fund, Ltd. v. Kung, Supra.; and Peyser v. General Motors Corporation, 158 F. Supp. 526, that the burden is upon the movant to show that the convenience of the parties and interest of justice would be better served in another district. It is submitted that the defendants have not met their burden in the present instance. Plaintiff's right to choose the forum is still a relevant consideration. Also, the consolidation of the present declaratory judgment action and the related declaratory judgment action, Civil Action File No. 73 CIV 1215, and the convenience to plaintiff, by being able to conduct discovery in the two cases before the same court and possibly the same judge, far outweigh the marginal convenience to defendants as it relates to their witnesses.

(c) The Interest of Justice Will Be Served By Transferring This Case To The District of Maryland

(1) The Importance of a View of the Equipment and Process in Dispute

While plaintiff can acknowledge that there may be some advantage in having the present action in Maryland, if the court would view plaintiff's manufacturing operation, there is no basis at this time for concluding that a Maryland court, if the action were transferred, would consent to a viewing at plaintiff's

plants, the present plant for producing round block foam being located about 20 miles from Baltimore in Jessup, Maryland; and the second plant where plaintiff originally developed its round block process being located in Baltimore, possibly 15 to 30 minutes from the court. Moreover, the central issue of this declaratory judgment action is not likely to be defendants' process, but rather will be the relationship of at least one of the patents in suit in this action to the patent in suit in related Civil Action File No. 73 CIV 1215, and to the manner in which the patent was procured from the United States Patent Office, and to the use of the patent subsequent to its issuance. This will involve a review of defendants' records believed within the jurisdiction of this court.

(2) An Early Trial Can Be Had In Maryland

It is noted that defendants assert that an early trial can be had in Maryland. It is submitted that this cannot be a factor to defendants since defendants have been periodically asserting their patent rights and sleeping on those patent rights since February 10, 1967. Note the exhibits of the Wight affidavit. It is difficult to understand, therefore, why a speedy trial is suddenly of paramount importance to defendants. Moreover, as the court held in Peyser v. General Motors Corporation, Supra., while the court may consider the condition of the dockets in the two districts in deciding whether to transfer, it is never a factor to which great weight is assigned.

3. Motion (3) To Stay

Plaintiff can agree that both the Maryland action and the

present action should not go forward simultaneously. It is submitted, however, that the action which should be stayed is the later-filed action, i.e., the Maryland action, since all of the issues of the Maryland action which involves only one patent can be decided in the present case. On the other hand, all of the patents in suit in the present action are not in suit in Maryland. Furthermore, as established hereinbefore, plaintiff had a basic purpose in bringing the present declaratory judgment action, and the related declaratory judgment action in this district. It is submitted that in keeping with such cases as Peyser v. General Motors Corporation, Supra.; DeLuxe Game Corporation v. Wonder Products Co., (Southern District of New York, 1958), 166 F. Supp. 56, 61; and Duffy v. United States, (Southern District of New York, 1953), 114 F. Supp. 881, the plaintiff's selection of forum should not be lightly dismissed.

Accordingly, it is submitted that defendants should be enjoined from prosecuting the Maryland action rather than the present action being stayed.

4. Motion (4) To Dismiss

In this sub-section of defendants' memorandum, defendants assert that the present action can be dismissed apparently in view of the action pending in the Maryland court. In asserting that this court has the discretion to dismiss the action and that the facts are proper for dismissing the action, it is submitted that defendants are overstating their case. Among other things, defendants assert that Tenneco Chemicals did not sue for infringement of the --658 and --894 patents because they did not have sufficient knowledge of the equipment

used by Burnett to determine whether they were infringed. It is difficult to understand how defendants could have more information with regard to plaintiff's method of manufacturing than it does as to its equipment for manufacturing.

Defendants assert further that it would be an easy matter to place in suit the additional patents in the Maryland action. However, it is noted that in the present action no action has to be taken in order to have an adjudication of these patents. Most certainly no action is more convenient to plaintiff, and it is submitted to defendants, than taking some action.

Defendants next assert that the controversy between plaintiff and defendants has no real or imaginable connection with this district, the Southern District of New York, and that the action can proceed more conveniently and economically for all parties in plaintiff's own forum. It is difficult to understand how defendants can assert that there is no real or imaginary connection in this district when defendants have at least three locations in the New York City area from which it can and did charge infringement and offer a patent license, and at least one location where it can process and conceivably manufacture foam, and where apparently the entire records for the foam division of Tenneco Chemicals are located, i.e., the 134th Street address, and from which the entire foam division is apparently controlled. Furthermore, plaintiff has sales distributors in the New York area, and has a substantial volume of sales in this area.

It is extremely questionable whether this action can proceed more conveniently and economically for all the parties in Maryland.

At least in the present instance defendants need not worry about plaintiff since plaintiff has selected the New York forum as being the most convenient for it, particularly in view of its possibility and probability of having the two declaratory judgment actions, i.e., this Civil Action File No. 73 CIV 1214 and Civil Action File No. 73 CIV 1215, brought before a single judge and, thus, being able to control at least the discovery in the related actions. Also, as noted hereinbefore, a determination of this action necessarily involves substantial discovery with respect to Boon et al, U.S. Patent No. 3,325,573 involved in the second action. It is submitted that this can most conveniently be accomplished before the present court.

Defendants again assert that plaintiff did in effect out-race defendants, Tenneco Chemicals, to the courthouse. This assertion would be entitled to much greater weight, if it is entitled to weight at all, if not for the fact that defendants first alleged, suggested, or implied infringement in February of 1967 and six years later was still periodically asserting infringement without taking any action in spite of plaintiff's assertion that a license was not necessary and was not desired. If plaintiff "out-raced" defendants to the courthouse, it was a race which defendants lost by default.

Accordingly, defendants' choice of forum and the reasons for that choice of forum must be considered and not lightly dismissed in determining whether defendants have stated a proper case for dismissal.

G. MOTION (5) TO DISMISS, AND THE ALTERNATIVE
MOTION (6) FOR A MORE DEFINITE STATEMENT

Defendant in this section requests the court to dismiss plaintiff's assertion of patent misuse and violation of the anti-trust statutes on the basis that they do not approach compliance with the provisions of Rule 8(a) and Rule 8(e) of the Federal Rules of Civil Procedure. It is submitted that plaintiff's complaint is fully adequate to satisfy the provisions of either Rule 8(a) or Rule 8(e). At paragraph 11 of plaintiff's complaint it is stated that each of the patents in suit is unenforceable in the hands of the defendants for misuse by defendants and violations of the anti-trust statutes, such facts being known to defendants. Plaintiff submits that there is evidence of misuse of the patents in suit by defendants who are knowingly enforcing or threatening enforcement of a patent, and thereby harrassing with a patent, which was broadened beyond the scope of the invention made by the inventors, and/or is known to be invalid as embracing processes and being enforced against processes which are not the inventions of the listed inventors, and over processes which were practiced more than one year prior to the filing of the patent applications.

Furthermore, plaintiff has reasons to believe that there is evidence to establish that one or more of the patents in suit is invalid, at least to the extent that the claims are being asserted, this evidence being known to defendants, causing such enforcement to be a violation of the anti-trust laws. By way of example, in this memorandum defendants assert that the General Foam Corporation was the first in the world to produce round blocks of polyurethane foam (memorandum at page 3). This is inaccurate. Note Exhibit X-1 of the Breiner affidavit which establishes that as early as August 4, 1960 plaintiff herein provided defendants'

predecessor, General Foam Corporation, with a round peeling block of foam. Moreover, defendants' action in issuing its patent in view of the known relationship of its invention to Boon et al, U.S. Patent No. 3,325,573, and the possible activity between the present defendants and Reeves Brothers and/or the failure of the present defendants or Reeves Brothers to assert their patent against the other, which appears to be the case as now known to plaintiff, while attempting to assert it against plaintiff can be a violation of the anti-trust laws.

These and others are matters which can only be developed through discovery in this action, which will include an examination of defendants' officers, the inventors of defendants, and others. It is submitted that the allegation of the complaint, particularly in light of the present clarification, is sufficient to satisfy the rules of pleading and defendants' motion to dismiss or to require a more definite statement should be denied. Contrary to the assertion of defendants, plaintiff has not inserted this allegation as mere "boiler plate." Plaintiff has reason to believe that facts do exist and which can be established upon discovery which will support the allegations.

SUMMARY AND CONCLUSIONS

Plaintiff selected this forum for its present declaratory judgment action with good basis. Defendants have an office at 280 Park Avenue; an office and/or plant at 134th Street, and their attorneys are located in this district. All charges of infringement and correspondence relating thereto, starting in February of 1967, came from this district. It is believed that the relevant records of defendants are within this district.

Moreover, plaintiff filed a second declaratory judgment action on March 22, 1973, the date of this action, against Reeves Brothers, Inc., a corporation of New York, having offices at 1271 Avenue of the Americas, New York, New York, involving a closely related patent. There are many common issues and, in fact, the issues of the two actions overlap. Note plaintiff's letter of April 3, 1973 to Mr. Raymond K. Sexton, Coordinating Clerk of this court. Plaintiff submits that by being plaintiff in each action, and by having both actions before the same court, the issues of both actions can be more expeditiously decided at least expense to plaintiff. In keeping with cases such as Peyser v. General Motors Corporation, Supra.; DeLuxe Game Corporation v. Wonder Products Co., (Southern District of New York, 1958), 166 F.Supp. 56, 61; and Duffy v. United States, (Southern District of New York, 1953), 114 F.Supp. 881, plaintiff's choice of forum should not be disturbed unless the moving party establishes a clear advantage in favor of the movant when balancing all factors. In the present instance the defendants have not met this burden. Defendants cannot establish how they are convenienceed by going outside of New York. The convenience to witnesses by having the trial in Maryland and not New York is marginal if, in fact, it exists. Unlike the facts of other transfer cases, the contacts or connections with this district are substantial.

Accordingly, it is submitted that this case should remain before this court, and defendants enjoined from prosecuting the Maryland action.

Respectfully submitted,

ARTHUR, DRY & KALISH

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

Wm. T. BURNETT & COMPANY, INC.,)
)
Plaintiff,)
) Civil Action File No.
- vs -)
) 73 CIV 1214
TENNECO CHEMICALS, INC., and)
TENNECO, INC.,)
)
* Defendants.)

AFFIDAVIT

Donald M. Wight, being duly sworn, deposes and says:

- (1) That he is an attorney having an office for the practice of law in Arlington, Virginia, at 727 - 23rd Street, South;
- (2) That he has represented Wm. T. Burnett & Co., Inc., 1500 Bush Street, Baltimore, Maryland 21230, in patent matters since at least as early as January 1, 1967;
- (3) That during this period he has, on numerous occasions, considered matters associated with the manufacture by Burnett of round blocks of urethane foam;
- (4) That, as Exhibits T-1 through T-21 to this affidavit, he is submitting copies of letters which he verifies are true copies of letters which he received directly or indirectly, or wrote, at about the dates thereon involving the Burnett Company and Tenneco Chemicals, Inc., on information and belief a Tenneco company, or General Foam Corporation, 640 West 134th Street, New York, New York, on information and belief predecessor of the Foam and Plastic Division of Tenneco Chemicals, Inc.;

(5) That, as Exhibits R-1 and R-2 to this affidavit, he is submitting copies of letters which he verifies are true copies of letters which he received indirectly at about the dates thereon involving the Burnett Company and Reeves Brothers, Inc., on information and belief a New York corporation, having offices at 1271 Avenue of the Americas, New York, New York 10020;

(6) That on the basis of such letters, particularly the letters identified at paragraph 4, he conducted studies of the infringement and validity aspects of at least U. S. Patent Nos. 3,281,894; 3,296,658, and 3,476,845 on behalf of Burnett and had numerous conferences with Burnett personnel with respect to its round block foam process and apparatus;

(7) That his studies led him to conclude that the 3,281,894; 3,296,658, and 3,476,845 patents were not infringed by the Burnett apparatus and/or process of manufacturing round block foam and/or were invalid;

(8) That he expressed this view to Burnett and to General Foam Corporation and/or Tenneco Chemicals, Inc.;

(9) That he, on March 7, 1973, as counsel for Burnett, attended a meeting with Mr. Tucker, President of Burnett, and officers and attorneys for Tenneco Chemicals, Inc. to discuss Tenneco Chemicals' assertions of patent infringement by Burnett;

(10) That at said meeting he expressed his conclusion that the 3,281,894; 3,296,658, and 3,476,845 patents were not infringed by the Burnett process and/or apparatus and/or were invalid;

(11) That at no time at said meeting did he express a contrary view, and he did not hear Mr. Tucker express a contrary view;

(12) That he and/or Mr. Tucker at the end of the meeting stated that they would give a definitive answer to Tenneco Chemicals before March 26, 1973 with respect to a license, and that this was to enable consultation by Mr. Tucker and himself with other personnel and General Counsel for Burnett before closing off further negotiations for a license to ascertain general accord with his conclusions;

(13) That on or about March 16, 1973, Mr. Tucker, President of Burnett, and Burnett's General Counsel, attended a meeting in the offices of affiant for the purpose of briefing Burnett's General Counsel of the professional opinion of patent counsel that the aforesaid U. S. Letters Patent Nos. 3,281,894; 3,296,658, and 3,476,845 were either invalid and/or not infringed by Burnett's process and/or apparatus, and for the further purpose of soliciting the views of Burnett's General Counsel as to the most desirable method of dealing with the latest in Tenneco Chemicals, Inc.'s continuous harassment;

(14) That as a result of the opinions expressed at the meeting on March 16, 1973, the conclusion was reached that the entire issue should be raised by a declaratory judgment action.

(15) That upon receiving such general accord, declaratory judgment action, Civil Action File No. 73 CIV 1214, was filed in order to resolve this matter;

(16) That to his knowledge Tenneco Chemicals, Inc. did not state at the March 7, 1973 meeting that it was prepared to sue Burnett immediately for infringement if a license was not accepted on or before March 26, 1973.

Donald M. Wight
Donald M. Wight

STATE OF VIRGINIA)
)
COUNTY OF ARLINGTON) ss.

Sworn to and subscribed before me
this 9th day of June, 1973.

Charlene R. Stambaugh
Notary Public My Commission Expires March 27, 1978

ONLY COPY AVAILABLE

79a

Foam in any Form

GENERAL FOAM CORPORATION

510 WEST 134TH STREET
NEW YORK 31, N.Y.
12121 FOUNDATION 8-9430

109 KERO ROAD
CARLSTADT, N.J.
12011 939-4471

VALMONT INDUSTRIAL PARK
HAZLETON, PENNSYLVANIA
17117 GLADSTONE 5-4931

N.Y. February 10, 1967

Mr. Richard Tucker,
President
Mr. T. Bennett & Co. Inc.
1500 Park Street
Baltimore 30, Md.

Reff: 2/24

Dear Dick:

General Foam Corporation has developed a process for the continuous manufacture of large diameter round blocks of flexible urethane foam. We also possess a considerable body of know-how relating to the manufacture of such blocks.

As one result of our research efforts, we have recently been granted two U.S. Patents (3,281,894 and 3,296,650). A number of corresponding foreign patents have also issued.

We are prepared to grant licenses on reasonable terms under the claims of the patents and if your company would be interested in discussing a license, we would appreciate hearing from you and we suggest that you contact either Mr. Schorn or myself.

Very truly yours,
GENERAL FOAM CORPORATION

Guy Bishop
Director of Corporate Planning

CB:jrt

Form in any Form

GENERAL FOAM CORPORATION

640 WEST 114TH STREET
NEW YORK 31, N.Y.
1212 FOUNDATION & 9400

102 KERO ROAD
CAHLSTADT, N.J.
12011 933-4471

VALHORN INDUSTRIAL PARK
HAZLETON, PENNSYLVANIA
17121 CLADTON 2-4231

N.Y. May 12, 1967

Mr. Richard Tucker,
President
Wm. T. Bennett & Co., Inc.
1500 Bush Street
Baltimore 30, Md.

Date: 2/24

Dear Sirs:

We have not received a reply to our letter of February 10,
offering a license under U.S. Patents 3,281,694 and 3,295,652
and would appreciate hearing from you whether your company is
interested in pursuing this matter.

With kindest personal regards,

RECEIVED

MAY 18 1967

BALDWIN & WIGHT

Very truly yours,

Gary Bishop
Director of Corporate Planning

GBC:mc

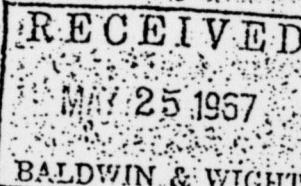
10
cc
100

EXHIBIT T-2

May 26, 1967

Baltimore, Maryland

Mr. Guy Bishop, Director of Corporate Planning
General Foam Corporation
640 West 134th Street
New York 31, N.Y.



Dear Guy:

Thank you for your letter of May 12th regarding your offer of a license under U. S. Patents 3,281,894 and 3,296,658. We are not interested at present in pursuing this matter with you.

I hope everything is going well for you under the new setup and take this opportunity to wish you all continued success.

Best regards,

Yours very truly,

WM. T. BURNETT & CO., INC.

Richard E. C. Tucker
President

RBCT/pm

cc: Mr. Donald M. Wight (blind)
Baldwin, Wight, Diller & Brown

CFO

GENERAL FOAM CORPORATION
 PLANTS: HAZLETON, PA. • CARLSTADT, N.J. • EAST RUTHERFORD, N.J.
 640 West 134th St., New York, N.Y. 10031
 Tel. (212) 368-9400

January 25, 1968

Mr. Richard B.C. Tucker
 President
 Wm. T. Burnett & Co.
 1500 Bush Street
 Baltimore, Md. 21330

RECEIVED
JAN 30 1968
BALDWIN & WIGHT

Dear Dick:

We have continued research and development activities in connection with our technology for the continuous production of large diameter round blocks of urethane foam and have made a number of improvements. We are willing to include these improvements, under certain conditions, in licenses granted under U.S. patent 3,281,894 and 3,296,653.

We are prepared to grant licenses on reasonable terms under the claims of the patent and if your company would be interested in discussing a license, we would appreciate hearing from you.

Best regards.

Sincerely,

Guy Bishop
 Director of Corporate Planning

CB:mt

ONLY COPY AVAILABLE
TENNECO CHEMICALS, INC.
A Major Component of TENNECO INC.



GENERAL FOAM DIVISION
640 West 134th Street
New York, N.Y. 10031
212-358-9400

August 6, 1969

Mr. Richard B. C. Tucker
President
Wm. T. Burnett & Co.
1500 Bush Street
Baltimore, Md. 21330

Ref.: P/24-D

Dear Dick:

I wish to follow up on our various phone conversations and would appreciate hearing from you whether you have completed your review of round block technology, particularly how any process your company might practice relates to patents which we have in this field.

I look forward to hearing from you and remain with best personal regards,

Sincerely yours,

Guy Bishop
Vice President

GB:BM



EXHIBIT T-5

August 12, 1969

Baltimore, Maryland

Mr. Guy Bishop,
Vice President
Tenneco Chemicals, Inc.
General Foam Division
640 West 134th Street
New York, N.Y. 10031

Dear Guy:

This will acknowledge receipt of your letter of August 6th inquiring as to whether or not we have completed our review of round block technology. I am sorry to advise that we have not completed our consideration of the matter due primarily to summer vacations that never seem to end. We fully expect to complete the study next month, however, and will communicate with you at that time.

Yours very truly,

WM. T. BURNETT & CO., INC.

Richard B. C. Tucker
President

RBCT/pm

bcc Mr. Donald M. Wight
Baldwin, Wight, Diller & Brown
Washington, D. C.

TENNECO CHEMICALS, INC.

A Major Component of TENNECO INC.



85a

GENERAL FOAM DIVISION
640 West 134th Street
New York, N.Y. 10031
212-363-9400

October 21, 1959

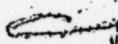
Mr. Richard B. C. Tucker
President
Wm. T. Burnett & Co., Inc.
1500 Bush Street
Baltimore, Md. 21230

P/23-2

Dear Dick:

In your letter of August 12 you indicated that you expected to complete your study of the patent aspects relating to round block technology during the month of September, and I would appreciate hearing from you.

Very truly yours,


Gay Bishop
Vice President

G3:mt

EXHIBIT T-7

October 27, 1969

Baltimore, Maryland

RECEIVED

OCT 28 1969

BALDWIN & WIGHT

Mr. Guy Bishop,
Vice President
Tenneco Chemicals, Inc.
General Foam Division
640 West 134th Street
New York, N.Y. 10031

Dear Guy:

This will acknowledge receipt of your letter of October 21 regarding our study of the round block technology relative to your patent.

I apologize again to you for the delay. I feel confident we will complete our study before the end of November and will be in touch with you at that time.

Yours very truly,

WM. T. BURNETT & CO., INC.

Richard E. C. Tucker
President

RBCT/pm

bc Mr. Donald M. Wight
Baldwin, Wight, Diller & Brown

EXHIBIT T-8

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TENNECO CHEMICALS, INC.

A Major Component of TENNECO INC.

87a



GENERAL FOAM DIVISION
640 West 134th Street
New York, N.Y. 10031
212-368-9400

November 26, 1969

Mr. Richard B. C. Tucker
President
Wm. T. Burnett & Co., Inc.
1500 Bush Street
Baltimore, Md. 21330

P/24-D

Dear Dick:

I am enclosing a copy of U.S. Patent 3,476,845 which issued November 4, 1969 and is the third domestic patent that has issued on our round block technology.

I am sure you would wish to take this more recent patent into consideration in your current studies but I still hope to hear from you in the very near future.

Sincerely,

A handwritten signature consisting of a stylized, cursive initial followed by a surname.

Guy Bishop
Vice President

GB:mt
Encl.

A small, stylized letter 'f' enclosed within a decorative oval or shield-like shape.

EXHIBIT T-9

November 28, 1969

Baltimore, Maryland

Mr. Guy Bishop,
Vice President
c/o Tenneco Chemicals, Inc.
General Foam Division
640 West 134th Street
New York, N.Y. 10031

RECEIVED

NOV 28 1969

BALDWIN & WIGHT

Dear Guy:

Thank you for your letter of the 26th enclosing a copy of a third patent which was issued to you on November 4, 1969. We do want to take a look at this more recent patent relative to our current study of the matter. You will be hearing from us very shortly.

Best regards,

Yours very truly,

WM. T. BURNETT & CO., INC.

Richard B. C. Tucker
President

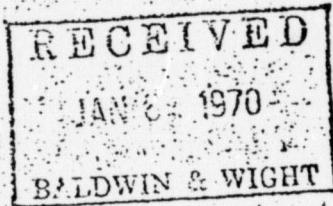
RBCT/pm

bcc: Mr. Donald M. Wight
Baldwin, Wight, Diller & Brown
Washington, D. C.

ONLY COPY AVAILABLE

January 3, 1970

Baltimore, Maryland



Mr. Guy Bishop,
Vice President
Tenneco Chemicals, Inc.
General Foam Division
640 West 134th Street
New York, N.Y. 10031

Dear Guy:

We have now completed our review of present technology relative to your patents on producing round blocks of polyurethane foam. It is our conclusion that since we have been producing round blocks of urethane foam substantially as we now produce them since long prior to the earliest effective date of any of the Tenneco (Buff et al) patents, no license is desired by us.

Thank you for calling this matter to our attention.

Best regards,

Yours very truly,

WM. T. BURNETT & CO., INC.

Richard B. C. Tucker
President

RBCT/pm

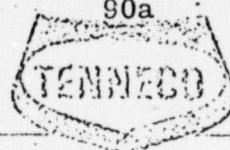
bc Mr. Donald M. Wight
Baldwin, Wight, Diller & Brown

TENNECO CHEMICALS, INC.

280 PARK AVENUE, NEW YORK, NEW YORK 10017

A subsidiary company of TENNECO INC.

90a



April 2, 1971

RECEIVED

APR 7 1971

BALDWIN, MCGOWAN & DUNN

Mr. Richard Tucker
W. T. Burnett & Co., Inc.
1500 Bush Street
Baltimore, Maryland 21230

Dear Mr. Tucker:

Your letter of January 5, 1970 has been directed to my attention due to a sustained concern among interested persons of our General Foam Division regarding your continued manufacture of round block flexible polyurethane foam.

Of particular interest is your statement that you have manufactured your round blocks "substantially" as you "now produce them since long prior to the earliest effective date of any of the Tenneco (Buff et al) patents". We, of course, lack information sufficient to form a belief or opinion in this regard or the degree of relevance that your statement may have to the matter at hand. Accordingly, we would welcome the opportunity to review all of your records necessary to establish the relevance and accuracy of your representation. We would then be in a position to arrive at an informed opinion and act in an informed manner as a result.

Very truly yours,

Daniel J. Reardon
Patent Counsel

DRR:cbs
cc: Mr. G. Bishop

EXHIBIT T-12

Divisions and Subsidiaries

AMERICAN PLASTICS • CRYSTAL • GENERAL FOAM • HYDROGEN • REPORT • TANNED LEATHER • RUGGED • TENNECO ADVANCED MATERIALS
TENNECO COLOR • TENNECO HYDROCARBON CHEMICALS • TENNECO PLASTICS

ONLY COPY AVAILABLE

April 26, 1971

Daniel J. Reardon, Esquire
Patent Counsel
Tenneco Chemicals, Inc.
230 Park Avenue
New York, New York 10017

Dear Mr. Reardon:

Your letter of April 2, 1971 to Mr. Richard Tucker, president of our client, Wm. T. Burnett & Co., Incorporated, has been referred to us.

We confirm the conclusion in Mr. Tucker's letter of January 5, 1970 to Mr. Bishop that Wm. T. Burnett & Co., Incorporated was producing round blocks of urethane foam substantially as that company had produced them since long prior to the earliest effective date of any of the Buff et al. patents involved in earlier correspondence between Mr. Tucker and Mr. Bishop, and that the Burnett company did not desire a license.

As the matter now stands, our client could not reasonably be expected to make available to Tenneco Chemicals, Inc. all of its records relating to production of round blocks. However, if you will inform us specifically as to records of what equipment and what procedures you would wish to see, we would, of course, consider your request again and respond further. For example, do you charge infringement of any patent (Buff et al or other) owned by Tenneco Chemicals, Inc., and if so what patent or patents, and what claim or claims? Also, what is the source of your information as to the equipment and procedures used by Wm. T. Burnett & Co., Incorporated in manufacturing round blocks?

Very truly yours,

BALDWIN, WIGHT & BROWN

By _____

DMW:jm
bcc: Mr. Tucker

EXHIBIT T-13

TENNECO Chemicals, Inc.



280 Park Avenue,
New York, New York 10017
(212) 557-4000

92a

May 22, 1972

RECEIVED

JUN 2 1972

BALDWIN, WIGHT & BROWN

Mr. Donald M. Wight
Baldwin, Wight & Brown
727 23rd Street South
Arlington, Virginia 22202

Dear Mr. Wight:

This letter is in response to your communication of April 26, 1971. The patents to which we addressed your attention are those recited in the earlier correspondence between Mr. Richard Tucker of Wm. T. Burnett and Mr. Guy Bishop of our General Foam Division, namely, U.S. patents 3,281,894 and 3,296,658, copies of which are attached for your convenience. A further review of this matter reveals as relevant to the subject matter of our exchange of communications, U.S. patents, 3,476,845, 3,488,800 and 3,496,596, copies of each of which are also enclosed for your convenience. Illustrative of the specific claims to which we would direct your attention is claim 1 of each of the foregoing patents.

Whether we would require all of the records of Burnett relating to the alleged manufacture of round block flexible urethane foam by Burnett, as you state, "since long prior to the earliest effective date" of the foregoing patents, it is not within my capability to determine as I am not aware of what records Burnett may have in this context. I would suggest therefore that at this point in our correspondence, you produce only those records you believe adequate to support the position you have thus taken.

Very truly yours,

Daniel J. Reardon
Patent Counsel

DJR:cbs

enc.

cc: Mr. G. Bishop

May 31, 1972

Daniel J. Reardon, Esquire
Patent Counsel
Tenneco Chemicals, Inc.
280 Park Avenue
New York, New York 10017

Dear Mr. Reardon:

Your letter dated May 22nd with enclosures was received during a period when I was involved in continuing discussions with visiting foreign clients so that there has been a slight delay in my acknowledging your letter. I will review the matter and respond further in due course.

Very truly yours,

DWW:jm
bcc: Mr. Tucker

TENNECO CHEMICALS, INC.

A Major Component of TENNECO INC.



GENERAL FOAM DIVISION
640 West 134th Street
New York, N.Y. 10031
212-368-9400

June 15, 1972

P/24-D

RECEIVED
JUN 19 1972
BALDWIN, WIGHT & BROWN

Mr. Donald M. Wight
Baldwin, Wight & Brown
727 23rd Street South
Arlington, Virginia 22202

Dear Mr. Wight:

I am attaching copy of U. S. Patent 3,659,981 which issued on May 2, 1972 and we had not received a copy of this patent when Mr. Reardon wrote to you on May 22, 1972.

Very truly yours,

Guy Bishop

GB/al

Guy Bishop, Director
Business Development

att:

COO

EXHIBIT T-16

June 21, 1972

Mr. Guy Bishop, Director
Business Development
Tenneco Chemicals, Inc.
General Foam Division
640 West 134th Street
New York, New York 10031

Dear Mr. Bishop:

Thank you for your letter of June 15th with the accompanying copy of U.S. Patent 3,659,981. This will be taken into account when I reply to Mr. Reardon's letter of May 22nd.

Very truly yours,

DMW:jm
bcc: Mr. Tucker

July 12, 1972

Daniel J. Reardon, Esquire
Patent Counsel
Tenneco Chemicals, Inc.
280 Park Avenue
New York, New York 10017

Dear Mr. Reardon:

This is in further reply to your letter of May 22, 1972 referring to five United States patents, and also takes into account Mr. Bishop's letter of June 15, 1972 mentioning a sixth U.S. patent, viz. 3,659,981, filed June 1, 1970, granted May 2, 1972.

More than two years prior to December 26, 1963, the earliest filing date of any of the Tenneco patents you noticed, Burnett made substantially cylindrical pieces of flexible polyurethane foam by distributing the required liquid reaction mixture onto a travelling flat casting surface at a pouring station.

As the casting surface moved away from the pouring station, its longitudinal edge portions were guided into rounded edge contours. The foam block thus produced was of generally cylindrical cross section.

This early work can be established by documentary evidence and the testimony of at least four Burnett employees who were familiar with the early work while it was being done and who are still actively employed by Burnett. The documentary evidence relates, in part, to confidential material, involving, inter alia, formulations, which Burnett does not wish to divulge.

Daniel J. Reardon, Esquire
Tenneco Chemicals, Inc. - 2

July 12, 1972.

You could inquire of Mr. Schoen, past president of General Foam Corporation, who probably would recall that as early as the spring of 1951, Mr. Tucker, now president of Wm. T. Burnett & Co., Incorporated, disclosed to Mr. Schoen Burnett's rounding of continuously foamed blocks with the use of corner wedges to change the casting surface from substantially flat to rounded along the edges. The purpose of this disclosure was to keep Mr. Schoen fully advised of developments that would directly effect the economics of his operation as he was buying and peeling all of his polyester foam from Burnett. The rounding of continuously foamed blocks would reduce waste and therefore provide a desirable lower cost for him.

Very truly yours,

DMW:jm

MCLEAN, BOUSTEAD AND SAYRE

14 WEST 49th STREET

NEW YORK, N.Y. 10020

JOHN BOUSTEAD
N. DALE SAYRE
J. DONALD TIERNEY
THOMAS E. SPATH
CURT VON HOETTRICHER, JR.
OR COUNSEL

ROGER T. MCLEAN
6549-1370

TELEPHONE
(212) 245-0201

February 6, 1973

RECEIVED

FEB 9 1973

BALTIMORE, MARYLAND

757-102(FP)-107M

Donald M. Wight, Esq.
Baldwin, Wight & Brown
727 23rd Street South
Arlington, Virginia 22202

Re: Burnett & Co. Infringement

Dear Mr. Wight:

As you may recall from our previous telephone discussion our law firm has assumed responsibility for the patent matters relating to Tenneco Chemicals, Inc., and specifically the matter of the manufacture of "round block" flexible polyurethane foam by Wm. T. Burnett & Co.

We have studied the comments in your letter of July 12, 1972 (addressed to Mr. Reardon), but do not believe they are relevant in view of the claims of the Tenneco patents which have been brought to your attention, and in particular, U.S. Patent 3,476,845. A copy of this patent is enclosed for your convenience.

Based upon evidence which has been brought to the attention of our client, we firmly believe that the manufacture of "round blocks" of urethane foam by Burnett & Co. is an infringement of the claims of the above-mentioned '845 patent, and possibly of the other patents which have been brought to the attention of Burnett over the past several years.

Tenneco Chemicals has therefore authorized us to offer Burnett & Co. a license of patent rights under the terms of their standard "round block" license agreement. Basically, this license agreement provides for the grant of a non-exclusive license under all of the Tenneco patents relating to the production of the "round block". The royalty rate is set at 2% of the net sales value of the product.

Donald M. Wight, Esq.

-2-

99a

February 6, 1973

In order to expedite Burnett & Co.'s consideration of this offer to license under the Tenneco patents we have forwarded directly to Mr. Richard Tucker a copy of this letter. We have been requested by our client to report on the status of this matter by February 19, 1973. We would appreciate receiving from you or your client a definitive decision as to whether further licensing negotiations shall be undertaken on behalf of Burnett & Co.

Very truly yours,



N. Dale Sayre

Enclosure

cc: Mr. Richard Tucker w/enc

February 14, 1973

N. Dale Sayre, Esquire
Messrs. McLean, Bousted and Sayre
14 West 49th Street
New York, New York 10020

Dear Mr. Sayre:

YOUR REF: 757-102(FP)-107M

Your letter of February 6, 1973, which you captioned "Burnett & Co., Infringement," was received February 9th.

Presumably you will recall having telephoned me on or about September 14, 1972, inquiring as to whether or not I would have any objection to Mr. Guy Bishop of your client discussing the matter with Mr. Richard Tucker of the Burnett company. Following that, there were several telephone calls between Mr. Bishop and Mr. Tucker, I believe originating with Mr. Bishop's call of September 15th, in which he informed Mr. Tucker that he was going away and would not return until mid-October. After Mr. Bishop did return, there were several other calls, some originating with Mr. Bishop and some with Mr. Tucker, the last two apparently being those on November 9th and November 14th from Mr. Tucker to Mr. Bishop's office when Mr. Bishop was away. Those last two calls were not answered by Mr. Bishop.

I now inquire as to whether or not you would favor suggesting to our respective clients that they discuss the matter. Mr. Tucker has informed me of his willingness to do so.

Very truly yours,

DMW:jm
cc: Mr. Tucker

MCLEAN, BOUSTEAD AND SAYRE

101a

14 WEST 49TH STREET

NEW YORK, N.Y. 10020

JOHN BOUSTEAD
 N. DALE SAYRE
 J. DONALD TIERNEY
 THOMAS E. SPAIN
 CURT VON BOETTICHER, JR.
 OR COUNSEL

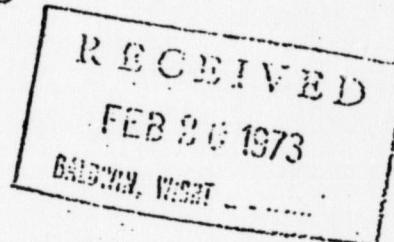
ROGER T. MCLEAN
 6949-1270

TELEPHONE
 (212) 243-0211

February 22, 1973

757-102(FP)107M

Mr. Donald M. Wight
 Baldwin, Wight & Brown
 727 23rd Street South
 Arlington, Virginia 22202



Dear Mr. Wight:

Pursuant to our telephone conversation of today, we enclose a copy of a proposed license agreement. I have not bothered to revise the dates, etc. of the agreement.

Essentially, the agreement calls for a \$55,000 payment for know-how (which Burnett may or may not want), and a running royalty of 2% of net sales value of the product with a \$10,000 a year minimum. As I indicated, the 2% royalty figure is a negotiable item and one possibility is a sliding scale based on volume of sales of Burnett.

Again, we strongly urge that we meet next week to discuss the proposed agreement and resolve this matter.

Very truly yours,

N. Dale Sayre

Enclosure

cc: Mr. Tucker

FEB 9 1971
CALDWELL, WALTER

THIS AGREEMENT made this day of , 1971 by and between Tenneco Chemicals, Inc., a corporation of the State of Delaware, having a place of business at 640 West 134th Street, New York, New York 10031 (hereinafter referred to as "Tenneco") on behalf of its General Foam Division; and Wm. T. Burnett & Co., Inc., a corporation of the State of Maryland having a place of business at 1500 Bush Street, Baltimore, Maryland 21230 (hereinafter referred to as "Burnett").

WITNESSETH THAT:

WHEREAS, Tenneco owns and has the right to grant licenses with respect to Technical Information (as hereinafter defined) and Patent Rights (as hereinafter defined);

WHEREAS, Burnett wishes to acquire certain rights for use of said Technical Information and with respect to said Patent Rights.

NOW, THEREFORE, the parties agree as follows:

I. DEFINITIONS

1.01 The following terms, as used herein, shall have the following meaning:

(a) "Technical Information" shall mean the know-how and trade secrets of Tenneco for manufacturing "Products" (as hereinafter defined), utilizing the apparatus and processes of the Patent Rights except as described in the Patent Rights and excluding the chemical formulations (e.g. reactants, reaction conditions, media, catalysts, promoters) used in producing the Products. "Confidential Technical Information" shall mean Technical Information which, on the date of this Agreement, is not (i) known to Burnett, (ii) disclosed in public literature or (iii) otherwise generally available to the public. Such information shall cease to be "Confidential Technical Information" on the date when, through no fault or omission on the part of Burnett or anyone to whom disclosure of such Confidential Technical Information is made by

Burnett pursuant to paragraph 4.03 hereof, Burnett can establish that such information, including both the individual components and combinations thereof, has become (i) disclosed in public literature or (ii) otherwise generally available to the public.

(b) "Patent Rights" shall mean the United States patents and pending patent applications recited in Schedule A attached hereto and made a part hereof.

(c) "Territory" shall mean the United States of America, its territories, commonwealths and possessions and such additions thereto wherein the patent laws of the United States are from time to time controlling during the term of this Agreement.

(d) "Net Sales Value" shall mean the gross invoice price of the Products (excluding scrap) when sold by Burnett, as such in bulk or when peeled from the generally cylindrical bulk product to form elongated continuous sheets, to third parties other than to an "Affiliate" (as hereinafter defined), less the following deductions: (i) trade discounts actually allowed (but not discounts for cash payments); (ii) customers' credits and allowances for goods returned; (iii) transportation and insurance costs borne by Burnett; and (iv) sales, use, excise and added value taxes; and as applied to the Products manufactured by Burnett (excluding scrap) and used by Burnett or sold to an Affiliate, the result obtained by multiplying the number of units of Products so used or sold by the average Net Sales Value of the same units (excluding scrap) sold to others than Affiliates in the Territory for the calendar quarter of such use or sale; or if no Products are sold other than to Affiliates during such calendar quarter, by the average market price per unit on the date of such use or sale to Affiliates of comparable products by Tenneco in the Territory.

(e) "Affiliate" of Tenneco or Burnett shall mean any person, firm or corporation, controlling, controlled by or under common control with

either Tenneco or Burnett respectively, whether directly or through one or more other affiliates (e.g. a second-tier affiliate). Reference to the term "Control" and any grammatical variation thereof refers to ownership of more than fifty per cent (50%) in voting power or value of all classes of stock, where a corporation is involved.

(f) "Products" shall mean free-rise cellular plastic foam articles in the sold state and having a generally cylindrical contour and made from a liquid reaction mixture using the Confidential Technical Information or Patent Rights.

(g) "Commencement of Commercial Operation" shall mean the date on which Burnett shall have sold 20,000 pounds (wet) of the Products (excluding scrap) at a price in excess of Burnett's total of direct costs.

II. LICENSE GRANT

2.01 Subject to the terms and conditions herein recited, Tenneco hereby grants to Burnett, and Burnett hereby accepts (a) a non-exclusive, personal, indivisible right, with no right to grant sublicenses to others (other than the right to sublicense a third party, subject to the approval of Tenneco with respect thereto, which approval shall not be unreasonably withheld, to manufacture for use solely by Burnett the apparatus coming within the Confidential Technical Information or Patent Rights) to produce, process or otherwise manufacture the Products throughout the Territory using the Confidential Technical Information and to use and sell such Products; and (b) a non-exclusive, indivisible license, with no right to grant sublicenses to others, except as provided in paragraph 2.01(a) hereof, to produce, process or otherwise manufacture, use and sell Products under the Patent Rights.

2.02 Tenneco shall make no claim now or hereafter for infringement within the Territory by Burnett of any patent owned by Tenneco for manufacture, use or sale of Products utilizing the Technical Information or apparatus or processes coming within the Patent Rights for which, and so long as a royalty is paid by Burnett to Tenneco pursuant to this Agreement.

III. PAYMENTS

3.01 In consideration of the rights and licenses granted pursuant to Article II hereof, Burnett shall pay to Tenneco the following amounts:

(a) the sum of twenty-seven thousand five hundred dollars (\$27,500) within five (5) days after execution of this Agreement;

(b) the sum of twenty-seven thousand five hundred dollars (\$27,500) upon Commencement of Commercial Operation, but in any event no later than March 1, 1972;

(c) a royalty at the rate of two per cent (2%) of the Net Sales Value of the Products during the period extending from the date of this Agreement first above recited through the tenth anniversary of said date inclusive and thereafter at the rate of two per cent (2%) solely with respect to the Net Sales Value of the Products coming within such of the patents listed in Schedule A as shall thereafter be unexpired or which shall have been declared invalid by a court of competent jurisdiction from the decisions of which no appeal is or can be taken.

(d) The payment to Tenneco provided in this paragraph 3.01 is in consideration of the grant of rights and licenses with respect to both the Technical Information and Patent Rights, collectively and in the disjunctive, during the period extending from the date of this Agreement first above recited through the tenth anniversary of said date since the competitive commercial advantage is deemed insufficient to sustain a greater rate of payment.

3.02 In the event the amount of royalties payable to Tenneco by Burnett pursuant to paragraph 3.01(c) hereof shall not total a minimum of ten thousand dollars (\$10,000) for each calendar year commencing with the year 1972 and extending through the calendar year 1976, the payment made for the last quarter of each such calendar year, pursuant to paragraph 3.03 hereof, shall be in such amount as shall make the total of all royalty payments coming

within paragraph 3.01(c) for such calendar year equal to ten thousand dollars (\$10,000); provided however that should the royalty payment made pursuant to paragraph 3.01(c) for any of the calendar years 1972 through 1976 exceed the minimum royalty due in such year, the amount of such excess may be credited by Burnett against the minimum royalty due in any subsequent year until the full amount of such credit shall have been applied or until minimum royalty is no longer payable hereunder, whichever shall first occur. There shall be no credit against the minimum royalties specified in this paragraph 3.02 for the payments to be made by Burnett to Tenneco pursuant to paragraphs 3.01(a) and 3.01(b) hereof.

3.03 (a) Burnett shall, from the date of execution hereof, keep true and complete records and books of account showing all Products sold with respect to which royalty is due under this Agreement and broken down in accordance with the definition of Net Sales Value. Such records shall include all information necessary to verify the total amount and computation of royalties due hereunder, and shall be open to inspection by Tenneco during reasonable business hours to the extent necessary to verify the amount thereof. Such inspection shall be made not more often than once each calendar year at the expense of Tenneco by an independent certified public accountant appointed by Tenneco and to whom Burnett has no reasonable objection. Burnett shall not be required to retain said records for more than three (3) years after the close of any calendar quarter.

(b) Burnett will account for and submit to Tenneco quarterly reports of the Net Sales Value of Products broken down in accordance with the definition of Net Sales Value recited in paragraph 1.01(d) hereof, and the amount of royalty payable pursuant to paragraph 3.01(c) with respect thereto for the calendar quarter last completed, together with the royalties shown thereby to be due for such calendar quarter sixty (60) days after the end

of each calendar quarter during the term of this Agreement. The quarterly accounting period with respect to reports and payment referred to in this paragraph 3.03 shall accordingly terminate on March 31, June 30, September 30 and December 31 of each year during the period provided for payment of royalties in paragraph 3.01(c).

3.04 Unless this Agreement shall have been terminated in accordance with paragraph 4.04(d) or paragraph 5.02 prior thereto, upon the tenth anniversary of the date of this Agreement above recited, Burnett shall have and retain a non-exclusive, paid-up license with respect to the Technical Information subject to the provisions of paragraph 2.02 and paragraph 4.03 hereof.

IV. TECHNICAL INFORMATION

4.01 (a) Within thirty (30) days after the date of this Agreement first above recited and receipt of the payment recited in paragraph 3.01(a) hereof, Tenneco will deliver to Burnett at its offices in Baltimore, Maryland a copy of all Technical Information, which shall be presumed by the parties hereto to be Confidential Technical Information, then available in written form and utilized by Tenneco in its manufacture of the Products.

(b) In addition to the delivery to Burnett of the Confidential Technical Information in written form pursuant to paragraph 4.01(a) hereof, Tenneco will make available after the date and receipt of payment specified in paragraph 3.01(a) hereof without cost to Burnett qualified technical representatives or agents authorized by Tenneco, not exceeding three (3) in number and knowledgeable with respect to the Technical Information and the subject matter of the Patent Rights, for consultation with representatives of Burnett in regard to all of the Technical Information (which shall be presumed by the parties hereto to be Confidential Technical Information) including Technical Information not available in written form and subject matter of the Patent Rights utilized by Tenneco in its manufacture of the Products as

of the date of such consultation. The foregoing representatives may consult with Burnett in addition as to conditions and operating procedures outside of the scope of the Technical Information, Patent Rights and Confidential Technical Information to the extent requested by Burnett and agreed to at that time by Tenneco; provided that any such disclosures made by such representatives with respect to confidential information of Tenneco when designated as "Confidential" by Tenneco shall be retained in secret by Burnett pursuant to paragraph 4.03 hereof.

(c) The consultation so provided for in paragraph 4.01(b) hereof will be for a period not in excess of fifteen (15) man-working days of eight (8) hours each, such consultation to be completed prior to March 1, 1972 and to take place at the plant of Burnett in Baltimore, Maryland, at such time as may be reasonably requested by Burnett and upon reasonable notice in writing with respect thereto.

4.02 Tenneco hereby undertakes to furnish to Burnett, directly or through an agent appointed for this purpose, during a period of ten (10) years commencing with the date of this Agreement first recited above, such additional Confidential Technical Information with respect solely to apparatus per se, and in any event exclusive of any chemical formulations or the like utilized by Tenneco in the manufacture of its Products. Such Confidential Technical Information shall consist of copies of drawings of all apparatus utilized by Tenneco in its manufacture of Products, such information to be submitted to Burnett within one (1) year from the date Tenneco commences utilization of such Confidential Technical Information in the manufacture of Products for sale to third parties at a price in excess of Tenneco's total of direct and indirect expenses and cost of manufacture thereof. The Confidential Technical Information so furnished to Burnett by Tenneco or its agent appointed for this purpose shall be limited to that developed by Tenneco or

acquired by Tenneco from a third party grantor with the authority in Tenneco without further consideration to Tenneco's grantor to sublicense such information (inclusive of any associated unexpired patents) to others. The existence or non-existence of a pending patent application within the Territory but not the date of filing of such application or other information with respect to the prosecution thereof encompassing such Confidential Technical Information developed by Tenneco shall be furnished to Burnett simultaneously.

4.03 (a) No Confidential Technical Information or other information designated "Confidential" by Tenneco pursuant to paragraph 4.01 hereof shall be disclosed by Burnett to any third party without Tenneco's prior written consent except as provided in paragraph 2.01 (with respect to a sublicensee) or this paragraph 4.03. Burnett may disclose the Confidential Information to those of its employees necessary to the production of the Products and to the extent necessary for such production. Burnett shall inform all of its employees to whom said Confidential Technical Information is disclosed of the confidential nature of the Confidential Technical Information and of the prohibitions against use or disclosure of said Confidential Technical Information. Burnett shall in addition use the same efforts to maintain the Confidential Technical Information in confidence as it would employ with respect to its own proprietary information. Burnett shall be relieved of the obligations of secrecy and non-use provided by this paragraph 4.03(a) at such time as such Confidential Technical Information can no longer be deemed confidential pursuant to paragraph 1.01(q) hereof.

4.03 (b) In the event Burnett shall disclose to Tenneco in writing and subject to the agreement of Tenneco, and in order to better enable Burnett to use the Confidential Technical Information of Tenneco, certain proprietary information of Burnett relating directly to use of the Confidential

Information and shall designate in writing that such written proprietary information is "Confidential", Tenneco shall retain such information in confidence and shall neither use such information nor disclose it to others for so long as such information is not: (i) known previously to Tenneco; (ii) disclosed in the public literature; (iii) otherwise generally available to the public; or (iv) disclosed to Tenneco by a third party having the right to do so without breach of any legal obligation to Burnett.

4.04 (a) Tenneco warrants and represents that, to the best of its information and belief, no claim has been asserted against Tenneco that the rights and licenses granted hereunder infringe the patents or constitute an unlawful appropriation of the trade secrets of any other person but Tenneco neither warrants nor represents that the rights and licenses granted herein can be practiced without infringing the patents of others.

(b) Notwithstanding paragraph 4.04(a) hereof, if any infringement action is instituted by a third party person against Burnett in a court of competent jurisdiction which alleges infringement by Burnett of an unexpired United States patent owned by said third party and issued prior to the date of this Agreement first recited above, by virtue of Burnett's practice of the Confidential Technical Information or Patent Rights and (i) in settlement of such action, with Tenneco's consent, which consent shall not be unreasonably withheld or delayed, Burnett acquires a license under such patent of said third party for which Burnett makes royalty payments; or (ii) in the course of defending such infringement action Burnett incurs litigation expenses or as a result of which Burnett makes payment of damages, then Burnett may take credit therefor only against sums payable pursuant to paragraph 3.01(c) hereof to Tenneco after the date said action is commenced and only prospectively with respect to litigation expenses including attorneys' fees, court costs, damages or royalties payable to such third party and

incurred by Burnett as they are invoiced, subject to the other terms and conditions of this paragraph 4.04(b) and paragraph 4.04(c) hereof and provided that no such credit shall operate to reduce the payment due to Tenneco under Article III hereof in any event, except that provided in paragraph 3.01(c), and with respect to that royalty payment the reduction shall be to a rate not lower than one per cent (1%) of the Net Sales Value of the Products used or sold by Burnett thereafter. The provisions of this paragraph 4.04(b) shall be of force and effect only in the event the infringement complained of would not otherwise exist in the manufacture of the Products but for the practice of the Technical Information or utilization of the Patent Rights in accordance with the directions and design provided to Burnett by Tenneco pursuant to this Agreement; and only after consultation with Tenneco with respect to possible changes in such practice and utilization, to mitigate or abate the infringement complained of; and such changes cannot be accomplished without having a significant adverse effect on the economics of production of the Products by Burnett or without causing significant capital costs by Burnett to affect such changes, and provided further that Burnett shall promptly notify Tenneco with respect to any such written claim of infringement by a third party, and the institution of any proceeding against Burnett with respect thereto.

(c) Tenneco shall have the right, but not the obligation, to assume control of the defense of any claim or proceeding (and of any negotiation for the settlement thereof) made against Burnett and coming within those for which a credit against royalties or damages may be taken by Burnett pursuant to paragraph 4.04(b) hereof. If Tenneco declines to defend any such claim or action, Burnett may do so. Tenneco and Burnett shall each pay its own expenses and retain any costs or damages awarded to it with respect to such claim or in any such action, and shall render reasonable assistance to

the other in such defense. Tenneco shall make no settlement of any such claim or action brought against Burnett involving a monetary payment by Burnett without the consent in writing of Burnett, provided that should Burnett defend against any such claim or action successfully and recover damages therefor, such recovery in excess of Burnett's own court costs and attorneys' fees shall be first used to pay to Tenneco the difference between the royalty paid to Tenneco since the commencement of such action pursuant to paragraph 4.04(b) hereof and that otherwise required to be paid by Burnett to Tenneco pursuant to paragraph 3.01(c) hereof.

(d) If any action of the character specified in paragraph 4.04(b) is finally determined against Burnett by a court of competent jurisdiction from which no appeal is or can be taken; and if the adjudication is such that Burnett cannot manufacture the Products in accordance with any of the rights and licenses granted to Burnett hereunder without infringing the United States patent or patents held valid and infringed in said action, then Burnett may elect to terminate this Agreement forthwith by written notice to Tenneco; in which event all of the rights and licenses of Burnett hereunder shall forthwith terminate subject to paragraph 5.05 hereof, and the minimum royalties provided in paragraph 3.02 and payable after the date of such notice shall no longer be due and payable hereunder.

V. GENERAL

5.01 If Tenneco shall grant hereafter to any person (other than an Affiliate of Tenneco) a right and license to produce, process or otherwise manufacture the Products with respect to the combination of Patent Rights and Confidential Technical Information in the Territory with royalty rates more favorable than those provided herein, then Burnett shall have the right and Tenneco shall within sixty (60) days after such more favorable grant give such right to Burnett to have this Agreement conform to the royalty rates

provided in such third party agreement effective as of the date such license shall become effective with respect to such third party, provided that Burnett shall be capable of accepting and shall accept if offered by Tenneco the other terms and conditions of said license.

5.02 (a) If the royalties hereinbefore agreed to be paid shall be in arrears and remain unpaid for a period of sixty (60) days after the same shall have become payable, or if Burnett shall commit, or allow to be committed, a breach or violation of any of the other duties, covenants or undertakings on the part of Burnett contained in this Agreement and shall not remedy the same within ninety (90) days after notice thereof is given by Tenneco requiring such remedy, or if Burnett shall undergo dissolution or go into liquidation, whether voluntary or compulsory, or surrender its assets for the benefit of creditors or otherwise become insolvent in a legal or equitable sense, or suffer the appointment of a receiver of Burnett's assets or any part thereof, it is hereby agreed that Tenneco may, at its option, by a notice in writing addressed to Burnett, forthwith terminate the rights and licenses herein granted and all such rights and licenses of Burnett shall forthwith terminate subject to paragraph 5.05 hereof.

(b) In the event of a breach or violation of any of the duties, covenants or undertakings on the part of Tenneco contained in this Agreement which are not remedied within ninety (90) days after notice thereof is given by Burnett requiring such remedy, or if Tenneco shall undergo dissolution or go into liquidation, whether voluntary or compulsory, or surrender its assets for the benefit of creditors or otherwise become insolvent in a legal or equitable sense, or suffer the appointment of a receiver of Tenneco's assets or any part thereof, it is hereby agreed that Burnett may, at its option, by a notice in writing addressed to Tenneco, forthwith terminate this Agreement subject to paragraph 5.05 hereof.

5.03 Burnett shall have a reasonable period of time, not to exceed three (3) months following termination pursuant to paragraph 5.02 hereof within which to use or sell Products remaining in Burnett's inventory as of the date of such termination. Such use or sale shall be subject to the terms and conditions of this Agreement, including without limitation, those relating to the payment of royalty. In the event of expiration of this Agreement pursuant to paragraph 5.04 hereof, Products remaining in Burnett's inventory as of the date of expiration shall remain subject to the terms and conditions of this Agreement, including without limitation, those relating to the payment of royalty.

5.04 This Agreement shall unless earlier terminated pursuant to paragraph 5.02 hereof, expire (a) with respect to the Confidential Technical Information on the tenth anniversary of this Agreement and (b) with respect to the Patent Rights, with the last to expire of any then issued patents coming within the Patent Rights.

5.05 In the event of termination of this Agreement for any reason whatsoever:

(a) Burnett shall remain liable for any payments becoming due prior to the date of termination or that become due and payable thereafter as provided in paragraph 5.03 hereof;

(b) The provisions of paragraph 4.03 and paragraph 5.03 of this Agreement shall thereafter continue to be of force and effect; and

(c) All other unfilled obligations or liabilities that may have arisen or become due from either party hereto to the other party prior to the date of such termination shall in no way be altered, impaired or discharged.

5.06 (a) All notices to Tenneco hereunder shall be by certified or registered mail, return receipt requested, and shall be addressed to:

General Foam Division
Tenneco Chemicals, Inc.
640 West 134th Street
New York, New York 10031

with a copy to:

115a

Secretary
Tenneco Chemicals, Inc.
280 Park Avenue
New York, New York 10017

or to such other address as may be specified by Tenneco.

(b) All notices to Burnett hereunder shall be by certified or registered mail, return receipt requested, and shall be addressed to:

Wm. T. Burnett & Co., Inc.
1500 Bush Street
Baltimore, Maryland 21230

or to such other address as may be specified by Burnett.

5.07 This Agreement is being delivered in the State of New York, United States of America and shall be construed, and the respective rights of the parties hereto determined, according to the laws of the State of New York. This Agreement sets forth the entire agreement between the parties hereto and may not be amended or modified except in writing and executed by the parties hereto. Any failure on the part of Tenneco or Burnett to exercise any right conferred upon it by this Agreement shall not be deemed to constitute a waiver thereof, nor shall any waiver of one act in breach hereof be deemed to constitute a waiver of any other or subsequent breach of like or different character hereunder. No obligation is imposed on Burnett by virtue of this Agreement to produce Products so long as the payments recited in paragraphs 3.01(a), 3.01(b) and 3.02 hereof are paid to Tenneco pursuant to the provisions of said paragraphs 3.01(a), 3.01(b) and 3.02.

5.08 Burnett shall not be deemed to be an agent of Tenneco as a result of or in any transaction under or relating to this Agreement and shall not, without the authorization in writing of Tenneco, in any way incur any obligation on behalf of Tenneco.

5.09 The captions employed in the article headings of this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Agreement or otherwise affect this Agreement.

5.10 This Agreement may be assigned by Tenneco, but Burnett shall have no right whatsoever, without the prior written consent of Tenneco in each and every instance, to assign, transfer, or sublicense (except as expressly provided herein) this Agreement, any part thereof, or any of the rights hereunder. This Agreement shall inure to the benefit of and shall be binding upon any successors and assigns of Tenneco.

IN WITNESS WHEREOF, each of the parties hereto has caused these presents to be executed, in duplicate, in its name, by its duly authorized officers on the day and year first above written.

TENNECO CHEMICALS, INC.

Attest:

WM. T. BURNETT & CO., INC.

Attest:

PENNIE, EDMONDS, MORTON, TAYLOR AND ADAMS

COUNSELLORS AT LAW

330 MADISON AVENUE
NEW YORK, N.Y. 10017(212) 986-8686
CABLE: PENANGOLDWARRINGTON OFFICE
PENNSYLVANIA BUILDING
WASHINGTON, D.C. 20004

ASSOCIATES

ARNOLD R. WORKMAN
BARRY R. SAGE
JAMES E. BRYAN
PHILIP T. SHANAHAN
SIDNEY R. BRENNICK
BARNEY D. REIN
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JEFFREY A. ROSEN
JAMES D. DONOHUE
JOSEPH J. C. RANALLI
HELMUT J. SCOLNICK
GLENN E. BOOKS
GEORGE F. LONG, III
PETER G. DILMOTH
JOSEPH J. CATANZARO
JOHN E. KIDD
FRANKLIN A. BONIN
CHARLES E. MILLER
MURRAY I. FRANCIS
FRANK E. MORRIS
DAVID H. BALSAM

June 29, 1972

JAMES S. EDMONDS
EDWARD H. TAYLOR, JR.
JOHN M. LAIST
RALPH SCHAFFNER
THOMAS F. REDDY, JR.
STANTON T. LAWRENCE, JR.
J. PHILIP ANTENORE
FRANK P. SCHROCK
S. LESTER MISROCK
MORTON S. NEILL
HAROLD A. THAYER
HERBERT G. MOORE, JR.
CLYDE C. MITZKOWE
ROBERT MCKAY
EDITH E. MULLENKORN
ROBERT J. RADEL
DAVID WEIL, III
DAVID J. TOOHEY
CHARLES R. MCKEEHENY
HARRY C. JOHNS, III
JAMES G. FOLEY
LEO A. TURZIAN
JOHN L. STOALOS
GERALD J. FLINTOFF

*VIRGINIA BAR

18,507

Mr. Joseph S. Sollers, Vice President
William T. Burnett Co.
1500 Bush Street
Baltimore, Maryland

Dear Mr. Sollers:

On October 27, 1972, Mr. J. H. Wyatt, Executive Vice President of Reeves Brothers, Inc., wrote you concerning the Boon et al. patent No. 3,325,573, a copy of which was enclosed with his letter. I understand that Reeves has not received any reply to that letter.

We keep hearing persistent reports, however, that William T. Burnett Co. is manufacturing round block polyurethane foam, utilizing the process which is described and claimed in the Boon et al. patent, which is owned by Reeves. As you know, Reeves is quite willing to grant Burnett a non-exclusive license under reasonable royalty terms to manufacture round block polyurethane foam under the Boon et al. patent. Please advise me when a representative of the Curon Division may meet with you and discuss the advantages of taking a license under that patent.

Very truly yours,

S. Leslie Misrock

July 10, 1972

Baltimore, Maryland

C

Mr. S. Lee Misrock
Pennie, Edmunds, Morton, Taylor and Adams
330 Madison Avenue
New York, New York 10017

O

Dear Mr. Misrock:

P

I have received your letter of June 29th. Previously I received Mr. Wyatt's letter of October 27, 1971, which is apparently the letter to which you now refer.

Y

On December 2, 1971 I replied to Mr. Wyatt's letter of October 27, 1971 as shown in the attached copy of my letter of December 2, 1971. I do not know the reason for the understanding that Reeves did not receive my letter of December 2, 1971 replying to Mr. Wyatt's letter of October 27, 1971.

Our position as to not requiring a license under the Boon et al patent 3,325,573 as set forth in my letter of December 2, 1971 remains unchanged.

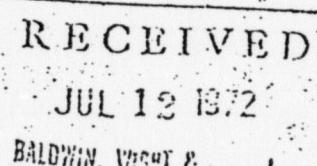
Very truly yours,

W.H. T. BURNETT & CO., INC.

Joseph S. Sellers
Vice President

JSS/mc

Enclosure



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----x
WM. T. BURNETT & COMPANY, INC., :

Plaintiff, : Civil Action No.
v. : 73 CIV 1214

TENNECO CHEMICALS, INC. and : JUDGE STEWART
TENNECO, INC.

Defendants. :

DEFENDANT'S REPLY TO PLAINTIFF'S OPPOSITION
TO MOTION FOR DISMISSAL, TRANSFER OR STAY;
OR FOR A MORE DEFINITE STATEMENT

This paper is filed in response to certain issues raised by plaintiff's Opposition concerning the propriety of transferring this action to the District of Maryland, of dismissing the action as to Tenneco, Inc., and for a more definite statement with respect to patent misuse and antitrust violation allegations contained in the Complaint. This Reply Memorandum will be directed to the same section and sub-section headings as Defendant's Supporting Memorandum.

E. THE MOTION (1) TO DISMISS AS TO TENNECO, INC.

Plaintiff's only apparent grounds for resisting the motion to have the action dismissed as to the parent company Tenneco, Inc. is the statement in the affidavit of Mr. George S. Flint, an officer of both companies, and a similar statement in defendants' Memorandum that Tenneco Chemicals, Inc. was a "controlled" operating subsidiary.

Filed June 20, 1973

An additional affidavit by Mr. Flint (attached hereto as Exhibit A) further clarifies the relationship between the defendant corporations and explains that the use of the term "controlled" meant that Tenneco, Inc. exercises voting "control" over the stock of Tenneco Chemicals, Inc. through the intermediary company Tenneco Corporation, which owns all of the voting capital stock of Tenneco Chemicals, Inc. It is further established by Mr. Flint's affidavit that Tenneco Chemicals, Inc. independently maintains separate bank accounts, business and financial records, and holds title to all interests in real property which it occupies.

More importantly, however, is that fact established by Mr. Flint's original affidavit that Tenneco Chemicals, Inc. is the sole owner of the patents and the sole party responsible for all matters relating to the management, licensing and enforcement of the patents in suit, and that all issues raised by Burnett can be completely and finally decided between Burnett and Tenneco Chemicals, Inc. without the presence of Tenneco, Inc.

F. MOTIONS (2) TO TRANSFER, (3) TO STAY, AND (4) TO DISMISS

The principal grounds cited by plaintiff for urging that this District is a proper forum for determining the issues between the parties appears to be that prior correspondence from Tenneco Chemicals, Inc. and its attorneys was sent to Burnett from New York City. While Tenneco Chemicals, Inc. does have a divisional office at 134th Street, in Manhattan, its corporate headquarters are no longer located at 280 Park Avenue, but are now in Saddle Brook, New Jersey. Moreover, the present or past location of defendants' attorneys' offices must be found to be immaterial with respect to establishing meaningful contacts with this jurisdiction. With respect to the specific issues raised in

this motion, the cases establish that the convenience of the attorneys is not to be weighed as a factor in deciding a transfer motion, and plaintiff has cited cases in its Memorandum (page 19) supporting this proposition.

While one of the patentees of the patents herein suit and an officer of defendant Tenneco Chemicals, Inc. does have an office here in New York City, all of the records, drawings, etc. relating to the development of the inventions of the patents are located in Hazleton, Pennsylvania. Defendants' attorneys have also expended considerable time in a good faith effort to determine the names and locations of witnesses whose testimony would be material and relevant to the issues to be determined in this controversy. In the affidavit of Mr. Ricciardi (Defendants' Memorandum in Support of Motions, Exhibit D) there are set forth the names and locations of sixteen potential witnesses, which individuals were employed by defendant's predecessor during the period of the development of the inventions, and only three of which are believed to be in the jurisdiction of this Court. The majority of the remaining individuals are located in or around Hazleton, Pennsylvania.

In Mr. Buff's affidavit (Defendant's Memorandum in Support of Motion, Exhibit C) he states that he is aware of no one other than himself who works or resides in this District and whose testimony would be required during the trial. Of the eleven individuals (other than the two co-inventors) whose testimony would appear to be relevant at this stage of the proceedings with respect to the development of the inventions in the Hazleton facility, nine are still in the Hazleton vicinity, one is in Canada, and only one remaining Tenneco Chemicals employee resides within the jurisdiction of this Court's subpoena power. By

these affidavits defendants have also established that it would, in fact, be more convenient for the majority of these witnesses to travel to Baltimore rather than New York. While the difference in travel time may be only an hour, it must be realized that this represents a substantial proportionate increase in travel time for a three and one-quarter hour trip. Plaintiff's suggestion that since the defendants are wealthy corporations, they can therefore afford the additional expense of travel and lodging that would be incurred by trial in New York is inappropriate and is wholly contrary to the spirit and the purposes of the transfer statute. Plaintiff has advanced no persuasive evidence to establish that the convenience of the parties or witnesses would not be served by transferring the case to the District of Maryland.

Plaintiff attempts to distinguish the case of Sweetheart Plastics v. Illinois Tool Works, Inc., 267 F. Supp 938 (SDNY 1967), in which, on the basis of a remarkably similar fact pattern, Judge Weinfeld stated that neither plaintiff's priority in starting suit nor its choice of forum was entitled to determinative weight. (See Defendant's Memorandum in Support of Motions, p.11.) Plaintiff accurately states that correspondence was first directed to Burnett calling attention to the issuance of a patent relating to the production of round-block polyurethane foam in February of 1967. At this time, Tenneco Chemicals, Inc.'s predecessor in interest was generally aware of Burnett's production of round-blocks, but as is still the case, was not aware of the specific techniques being employed. The issuance of subsequent patents relating to this technology were also

brought to Burnett's attention over the next several years. It is submitted that a review of this correspondence will suffice to contradict the allegations in plaintiff's Memorandum that charges of infringement were made or that Burnett was being harrassed. Quite to the contrary, not until very recently, when Tenneco Chemicals, Inc. and its counsel had obtained access to samples of Burnett's production that it charged that Burnett was infringing the patented method. (Letter dated February 3, 1973, Exhibit T-19, Plaintiff's Memorandum in Opposition to Motions.) Subsequently, it was agreed that a meeting of representatives of the parties must be held to resolve the question quickly. By the close of the meeting of March 7th, it is believed that Burnett was aware of the fact that a "race to the Courthouse" would be underway if it refused to pursue further licensing negotiations in good faith. In clear anticipation of such a "race", counsel for Tenneco Chemicals, Inc. retained local counsel in Baltimore, and forwarded a complaint against Burnett for immediate filing in the event that Burnett rejected the license offer by the mutually agreed-upon deadline of March 26, 1973. It is submitted that under the circumstances Tenneco Chemicals, Inc. acted with due diligence, and it was only by virtue of its good-faith forbearance to give the Burnett representatives an opportunity to discuss and review the license proposals that Burnett gained sufficient time to prepare and file this Declaratory Judgment action.

Plaintiff apparently agrees with defendants' position that the opportunity for the Maryland Court to conveniently view Burnett's production facilities would be of great assistance in gaining a rapid understanding of the technology and of great

importance in determining the issues between the parties. Plaintiff's only doubt is that the transferee court would be willing to consent to undertaking the short trip to its present production facility. It is submitted, however, that it can be reasonably expected that the Maryland Court would consent to the view when urged that such view would be of the great assistance described above. We contend that this is one of the most important grounds urged in support of our motion, and we submit should be decisive in transferring the action to the District of Maryland.

G. MOTION (5) TO DISMISS, AND IN THE ALTERNATIVE
(6) FOR A MORE DEFINITE STATEMENT

Plaintiff has asserted in its Memorandum in Opposition that its pleading of a bare allegation of patent misuse and anti-trust law violation are satisfactory under the provisions of Rule 8. Plaintiff's memorandum at pages 25 and 26 goes on to discuss certain theories and allegations relating to misuse and anti-trust violations. It is submitted, however, that plaintiff's Memorandum in Opposition to these motions is not a proper place to set forth allegations which are properly part of the Complaint. Moreover, these allegations are set forth in a rambling fashion in a single lengthy sentence which itself could not stand as a count in the Complaint. It is respectfully submitted that this Court must strike paragraph 11 of the Complaint, or alternatively order plaintiff to properly frame any misuse or anti-trust law violation counts which it will attempt to prove in order to provide the defendant with adequate and reasonable notice of plaintiff's charges, and to determine the permissible scope of future discovery.

BURNETT'S DECLARATORY JUDGMENT ACTION AGAINST REEVES BROTHERS

Plaintiff also urges that this is an appropriate forum to try its declaratory judgment action against Tenneco Chemicals, Inc. because of the pendency of an allegedly related action against Reeves Brothers, Inc. However, as brought to Judge Frankel's attention in a letter of April 12, 1973 by plaintiff's counsel, Reeves Brothers also filed a patent infringement suit against Burnett in the District of Maryland shortly after Burnett's declaratory judgment action against Reeves Brothers was initiated in this District.

Obviously, this action by Reeves Brothers indicates a willingness to have whatever controversy exists between the parties resolved by the Maryland Court. It is presently understood that Burnett has also sought to enjoin Reeves Brothers from prosecuting the Maryland infringement action. Under the circumstances, it can reasonably be anticipated that Reeves Brothers will, in the near future, bring a motion to have the Burnett declaratory judgment action transferred to the District of Maryland.

In this event, Burnett will appear to have the clear opportunity to have the two cases transferred to its home District and brought before one judge, at least for purposes of discovery, with all of the convenience and economy which allegedly supported its decision to bring suit against Tenneco Chemicals, Inc. and Reeves in this District.

Since the allegations of this declaratory judgment complaint can be readily consolidated with the issues of Tenneco Chemicals, Inc.'s Maryland patent infringement suit, plaintiff's rights will not be prejudiced by the transfer.

CONCLUSION

In summary, defendant having made a clear showing that the convenience of the parties and witnesses could be served by the transfer to the plaintiff's home District. Of great importance from the standpoint of judicial economy in determining the issues between the parties will be the opportunity of the transferee Court to view plaintiff's production facilities which are located convenient to that Court. The arguments advanced by Burnett that only in this District could jurisdiction be obtained over Tenneco Chemicals, Inc., Tenneco, Inc. and Reeves Brothers are now unpersuasive since infringement suits by Tenneco Chemicals, Inc. and Reeves Brothers are now pending against Burnett in the transferre District and the presence of Tenneco, Inc. has been shown to be unnecessary to the final resolution of the issues raised by Burnett.

Respectfully submitted,

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By Thomas C. Spoth

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

WM. T. BURNETT & COMPANY, INC.,

Civil Action File
No. 73-CIV 1214

Plaintiff,

vs.

Judge Stewart

TENNECO CHEMICALS, INC.
and TENNECO, INC.,AFFIDAVIT OF
GEORGE S. FLINT

Defendants.

STATE OF NEW YORK :
ss.

COUNTY OF NEW YORK :

I, GEORGE S. FLINT, being duly sworn, depose and
say that:

1. I am Vice-President and Secretary of Tenneco
Chemicals, Inc., and that I executed an affidavit dated
April 26, 1973, and attached as EXHIBIT A to the MEMORANDUM
IN SUPPORT OF DEFENDANT'S MOTION FOR DISMISSAL.

2. In describing the relationship between the
defendant parties Tenneco, Inc. and Tenneco Chemicals, Inc.,
at paragraph 4 of my affidavit, I stated:

"All of the capital stock of
Tenneco Chemicals, Inc. is
owned by Tenneco Corporation,
and all of the common stock of
Tenneco Corporation is in turn
owned by Tenneco, Inc. Tenneco
Corporation is a controlled sub-
sidiary of Tenneco, Inc."

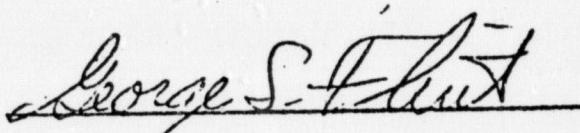
3. The use of the term "controlled subsidiary"
in Paragraph 4, and in Defendant's motion papers was intended

to describe the controlling interest of Tenneco, Inc. in Tenneco Chemicals, Inc. by virtue of Tenneco, Inc.'s ownership of the common stock and voting rights of Tenneco Corporation. (A portion of the outstanding stock of Tenneco Corporation is publicly owned so that it is not a wholly owned subsidiary of Tenneco, Inc.)

Since the Tenneco Corporation owns 100% of the capital stock of Tenneco Chemicals, Inc., Tenneco, Inc. is the ultimate parent company of Tenneco Chemicals, Inc. That is, Tenneco, Inc. exercises voting control over the stock of Tenneco Chemicals through the intermediary of Tenneco Corporation.

4. Tenneco Chemicals, Inc. maintains independent business and financial records, maintains bank accounts in its own name, owns or leases in its own name the real estate occupied by its offices and research, development and production facilities and pays all of its employees and agents from its own operating income.

5. As previously stated in paragraph 5 of my earlier affidavit, Tenneco Chemicals, Inc. is autonomous in its day-to-day business operations and is managed by office separate from the executive staff of either Tenneco Corporation or Tenneco, Inc. In addition, Tenneco Chemicals, Inc is responsible for its own profits and losses.



Sworn to before me this 15th day of June, 1973.



THOMAS E. SPATH
Notary Public, State of New York
No. 24-9117410
Qualified in A.D. County

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----x
WM. T. BURNETT & COMPANY, INC., :
Plaintiff, : Civil Action File No.
 : 73 Civ. 1214
-v.- :
TENNECO CHEMICALS, INC. and :
TENNECO, INC., :
Defendants. : JUDGE STEWART
-----x

Filed Aug 16, 1974

PLAINTIFF'S SUPPLEMENTARY MEMORANDUM
IN SUPPORT OF PLAINTIFF'S MOTION FOR
AN INJUNCTION AND PLAINTIFF'S
MOTION UNDER RULES 15(a), 21, AND
22(1) FOR LEAVE TO AMEND COMPLAINT
AND INTERPLEAD ADDITIONAL PARTY
AND IN OPPOSITION TO DEFENDANTS'
MOTION FOR DISMISSAL, TRANSFER
OR STAY OR FOR MORE DEFINITE
STATEMENT

This action was commenced on March 22, 1973, and was
reassigned to your Honor in June of 1973. In this action there
remain pending and undecided:

1. Plaintiff's Motion For An Injunction;
2. Plaintiff's Motion Under Rules 15(a), 21 and 22(1)
For Leave To Amend Complaint And Interplead Addit-
ional Party; and
3. Defendants' Motion For Dismissal, Transfer Or Stay
Or For More Definite Statement.

A related action, Wm. T. Burnett & Company, Inc. v.
Reeves Brothers, Inc., 73 Civ. 1215, was commenced on the same
date and was transferred to your Honor on June 13, 1974. In
that action there remain pending and undecided:

1. Plaintiff's Motion For An Injunction; and
2. Defendant's Motion To Transfer Civil Action No. 73 Civ. 1215 To The United States District Court For The District Of Maryland Under 28 U.S.C. § 1404(a) Or, Alternatively, To Stay Or Dismiss Such Action.

Meanwhile, the several defendants in the aforementioned companion suits pending before your Honor filed, in the United States District Court for the District of Maryland yet three more related cases. These are:

Tenneco Chemicals, Inc. v. William T. Burnett & Co., Inc.
Civil No. 73-266-HM;

Reeves Brothers, Inc. v. Wm. T. Burnett & Co., Inc.,
Civil No. 73-279-HM; and

Reeves Brothers, Inc. v. Tenneco Chemicals, Inc.,
Civil No. 73-708-HM.

On July 31, 1974, on motion of Burnett, the plaintiff herein, Hon. Herbert F. Murry, United States District Judge, stayed the first two aforementioned Maryland actions. It is the purpose of this Supplementary Memorandum to bring to your Honor's attention the Memorandum and Order of the Maryland District Court, a copy of which is annexed hereto.

Plaintiff herein specifically calls the attention of the Court to the findings of the Maryland District Court that "New York is probably the most appropriate forum for this litigation" (see p. 8, footnote 4, last sentence) and that "the balance of conveniences favors New York" (see p. 9, 1st complete ¶, 1st sentence) and to its suggestion that the third Maryland action be transferred to New York (see p. 11, footnote 6, last sentence).

Respectfully Submitted,
ARTHUR, DRY & KALISH

By

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

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TENNECO CHEMICALS, INC. : Civil No. 73-266-HM
v. :
WILLIAM T. BURNETT & CO., INC. :
* * * :
REEVES BROTHERS, INC. : Civil No. 73-279-HM
v. :
WM. T. BURNETT & COMPANY, INC. :
* * * :
REEVES BROTHERS, INC. : Civil No. 73-708-HM
v. :
TENNECO CHEMICALS, INC. :
...oo...

MEMORANDUM AND ORDER

On March 23, 1973, Tenneco Chemicals, Inc. [hereinafter Tenneco], a Delaware corporation doing business in New Jersey and New York, brought suit against William T. Burnett & Company, Inc. [hereinafter Burnett], a Maryland corporation manufacturing polyurethane at facilities in Baltimore and Jessup, Maryland, to enforce United States Letters Patent No. 3,476,845 [hereinafter patent 845] pursuant to 35 U.S.C. §§271 and 281. According to Tenneco's complaint, patent 845 covers the process which is currently employed by Burnett for producing "round blocks" of polyurethane foam without authorization or a license from the plaintiff. To remedy this purported infringement of patent 845, Tenneco seeks a permanent injunction to prevent further use of the process by Burnett, treble damages under 35 U.S.C. §284 and the reasonable costs and attorney's fees of this litigation under 35 U.S.C. §285. An identical action was then commenced against Burnett on March

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28, 1973 by Reeves Brothers, Inc. [hereinafter Reeves], a New York corporation, to enforce United States Letters Patent No. 3,325,573 [hereinafter patent 573] allegedly infringed by the former's production of polyurethane foam. Additionally, Reeves filed suit against Tenneco on July 12, 1973 to invalidate patent 845 as interfering within the meaning of 35 U.S.C. §291 on grounds that patent 845 was granted by the United States Patent Office more than two years after it approved patent 573 even though both purportedly cover the same claims.

Jurisdiction over the subject matter of these three actions was properly invoked pursuant to 28 U.S.C. §1338(a)¹ and venue is appropriate in this district under 28 U.S.C. §1400(b) because Burnett and Tenneco are residents of Maryland and because the acts of infringement were committed in Jessup and Baltimore.² To facilitate prompt and consistent adjudication of these related cases, the actions by Reeves were subsequently transferred by Chief Judge Edward S. Northrop to this Court which was originally assigned Tenneco's suit against Burnett.

1/ This statute provides that "[t]he district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents.... Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases."

2/ This statute states that "[a]ny civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business."

In response to the allegations of infringement, Burnett moved to dismiss under Rule 12 of the Federal Rules of Civil Procedure or, in the alternative, to stay proceedings in this Court. The basis for each motion is the existence of Burnett's prior actions in the United States District Court for the Southern District of New York for a declaratory judgment against Reeves and Tenneco that several patents, including the two at issue herein,

are invalid, unenforceable and not infringed by its "round form" polyurethane process.³ Both suits are now assigned to the Honorable Charles E. Stewart, Jr., of that Court and the parties are awaiting his determination of several outstanding motions. They include the motions of Reeves and Tenneco to either dismiss the declaratory judgment actions or transfer them under 28 U.S.C. §1414(a) to this Court and the request of Burnett for an injunction to prevent those defendants from prosecuting their infringement actions in the district of Maryland. Additionally, Burnett has sought to interplead Reeves in its declaratory judgment action against Tenneco.

Tenneco and Reeves oppose Burnett's motions in this Court and Reeves has moved to consolidate all three Maryland suits under Rule 42(a) for the purposes of discovery and a decision on the merits. Tenneco has acquiesced in consolidation because of the close relationship between the averments of infringement and interference and agrees with Reeves that the "interests of justice" favor a Maryland forum for the adjudication of the issues raised by their complaints.

3/ The declaratory judgment actions of Burnett were filed on March 22, 1973, one day before Tenneco commenced its infringement suit in this Court.

Before ruling on the interrelated motions of Burnett, the Court must first decide whether Rule 12(b) or any other source of federal judicial power supports a pre-answer dismissal or stay based on the pendency of a prior filed action, which involves the same parties and most of the same questions, in a different federal court. If the authority is available to grant either motion, it is then necessary to determine with regard to the specific suits against Burnett what disposition of the motions would be appropriate under the applicable principles of law. Thereafter, the Court will consider consolidation in light of its rulings on the motions to either dismiss or stay the actions of Reeves and Tenneco.

Preliminarily, Reeves and Tenneco contend that dismissal is improper because Rule 12(b) fails to mention the existence of a prior and still pending suit as grounds for such a motion and cite Ainsworth v. Merrill, Lynch, Pierce, Fenner & Smith, Inc., 298 F. Supp. 479, 480 (W.D.Okla. 1969) and 2A Moore, Federal Practice, ¶12.07[2] to support their argument. Notwithstanding the force of these authorities, their conclusion is contradicted by an analysis which arises from a classic opinion of Justice Frankfurter, several lower court decisions and the commentary of Professor Wright.

In Brillhart v. Excess Ins. Co. of America, 316 U.S. 491 (1942), Justice Frankfurter reversed the refusal of a district court to consider dismissing a declaratory judgment action where a prior and still pending state suit raised the same issues of state law with the observation:

Ordinarily, it would be uneconomical as well as vexatious for a federal court to proceed in a declaratory judgment suit where another suit is pending in a state court presenting the same issues, not governed by federal law, between the same parties. Gratuitous interference with the orderly and comprehensive disposition of a state court litigation should be avoided. Where a district court is presented with a claim such as was made here, it should ascertain whether the questions in controversy between the parties to the federal suit, and which are not foreclosed under the applicable substantive law, can better be settled in the proceeding pending in state court. This may entail inquiry into the scope of the pending state court proceeding and the nature of the defenses open there. The federal court may have to consider whether the claims of all parties in interest can satisfactorily be adjudicated in that proceeding, whether necessary parties have been joined, whether such parties are amenable to process in that proceeding, etc. Id. at 495.

Furthermore, the opinion stated that the district court was not compelled to exercise its jurisdiction even when properly invoked and that the "petitioner's motion to dismiss was addressed to the discretion of the court." Id. at 494.

While Justice Frankfurter never discussed the precise origins of the district court's authority to dismiss a later filed federal suit, there are several plausible explanations. First, declaratory relief is a discretionary remedy and concepts of federalism are disrupted if a state court defendant is allowed to avoid a judgment in that forum with a subsequently commenced federal action. Second, Brillhart suggests that the exercise of subject matter jurisdiction conferred by congressional enactment lies in the sound discretion of the district court and that such discretion is reviewable for abuse. Third, the language of the opinion is similar to Justice Cardozo's holding in Landis v. North American Co., 299 U.S. 248 (1936):

[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of causes on its docket with economy of time and effort for itself, for counsel and for the litigants. How this can be best done calls for the exercise of judgment, which must weigh competing interests and maintain an even balance. Id. at 254-55.

Although Landis was concerned with the propriety of staying one federal proceeding to allow an earlier filed suit to adjudicate the same issues without interference and is, therefore, distinguishable, Justice Frankfurter, in Brillhart, adopted the balancing test and a court's authority over its docket which is inextricably connected to the discretionary exercise of subject matter jurisdiction. Thus, the power to dismiss a later action in deference to an earlier suit involving the same parties and issues is found beyond the confines of Rule 12(b) at the source of a court's federal jurisdiction.

Other decisions have permitted pre-answer dismissal upon a motion without any extended analysis where the subsequent case concerned the same questions, identical parties, and the same district court. New York Shed Transportation, Inc. v. Meyers, 144 F.Supp. 174 (N.D.N.Y. 1956). Such a result is more common, however, when the prior pending action was brought in state court. Jones v. American Guild of Variety Artists, 199 F.Supp. 840 (E.D.Pa. 1961); Firearms Fund Ins. Co. v. Hanley, 140 F.Supp. 206 (W.D.Mich. 1956). It is clear, therefore, that the pervasive influence of federalism is an important factor in determining appropriateness of dismissal outside the provisions of Rule 12. Additional support for a finding that this Court can dismiss the suits of Reeves and Tenneco under certain circumstances is the comment of Professor Wright:

Yet another group of pre-trial motions is closely related to the management of the lawsuit and might generally be characterized as involving matters of judicial administration; the authority to hear these motions lies in the inherent power of a court to regulate actions pending before it. In this category fall motions to stay and motions to dismiss because another action is pending.... A few courts insist that inasmuch as the defense of the other action pending is so closely linked to the res judicata doctrine it is actually an affirmative defense to be asserted in the answer and...cannot be raised by a ...motion to dismiss. But these decisions were rendered shortly after the adoption of the federal rules and are plainly inconsistent with the trend of decisions in recent years. (emphasis added) Wright & Miller, Federal Practice and Procedure, §1360.

Conversely, a stay is a less coercive remedy and the undisputed power to grant such relief is undisputed by the case law and the commentators. Kerotest Mfg. Co. v. C-O Two Fire Equipment Co., 342 U.S. 180 (1952); Aetna State Bank v. Altheimer, 430 F.2d 750 (7th Cir. 1970); 2A Moore, Federal Practice ¶12.07. In Kerotest, the appellee owned two patents which were the subject of an infringement action against Acme, a customer of Kerotest Mfg. in an Illinois federal district court. Thereafter, Kerotest Mfg. brought a declaratory judgment action in a Delaware federal district court to challenge the validity of the patents forming the basis for the Illinois suit. C-O Two next moved to stay the Delaware proceedings and Kerotest Mfg. sought to enjoin further prosecution of the Illinois litigation. The Delaware court subsequently granted the stay until more information was received about the controverted status of the Illinois suit and then entered a second stay to await the outcome of the prior case.

Affirming both stays, Justice Frankfurter remarked:

The factors relevant to wise administration... are equitable in nature. Necessarily, an ample degree of discretion, appropriate for disciplined and experienced judges must be left to the lower courts. Such an estimate has led the Court of Appeals to conclude that all interests will be best served by the prosecution of a single suit in Illinois. 342 U.S. at 183-84.

A major reason for Justice Frankfurter's approval of the stays was the fact that the infringement suit in Illinois was first filed. He observed that Kerotest Mfg. was "given an equal start in the race to the court house, not a headstart, [and] if he is forehanded, subsequent suits against him by the patentee can, within the trial court's discretion, be enjoined pending determination of the declaratory judgment suit...." Id. at 185. Another factor stressed by the opinion was the availability of a transfer motion under 28 U.S.C. §1404(a) if the unwilling defendant demonstrates that the forum is clearly inconvenient or the interests of justice are violated.

The Fourth Circuit has followed Kerotest by giving preference to the earliest action and by equating stays with a motion to transfer under §1404(a). In International Nickel Co. v. Martin J. Barry, Inc., 204 F.2d 583 (4th Cir. 1953), Judge Parker stated:

It was unquestionably desirable that the important issue of the validity of the patent be tried out in the action, which had been first instituted, to which the infringing manufacturer was a party, and which was pending in a court convenient to the parties and witnesses with the power to bring into court by subpoena witnesses on the important issue of prior use.... At all events, these were matters which the judge could properly consider in passing on the motion for a stay, as was also the fact that the plaintiff was not entitled as a matter of right to have two federal judges trying the same issue at the same time when court dockets are crowded and other litigants have a right to a hearing.... Id. at 585-86.

Because International Nickel involved suits brought in Baltimore and New York, the reasons for affirming Judge Chesnut's stay until the earlier New York proceedings were completed are particularly pertinent to the motion by Burnett for similar relief.

Applying these principles to the actions instituted by Tenneco and Reeves against Burnett, the Court concludes that dismissal is an unnecessarily harsh sanction whereas a stay is required by the facts of the present record. An initial objection to dismissal is the possibility that the district court in New York will grant the pending motions of Reeves and Tenneco to transfer Burnett's prior filed suits to this forum.⁴ If this result does occur before the movants' enter counterclaims or are interpledaded by Burnett, duplication of effort by counsel and the courts is probable when the New York actions are brought here after the infringement suits are dismissed by this Court. Likewise, it is possible that the New York court could dismiss Burnett's declaratory judgment actions for various reasons prior to a decision on their merits which would force Reeves and Tenneco to refile their suits

4/ This Court accepted the advice of counsel for all parties and unsuccessfully attempted to contact Judge Stewart concerning the progress of the New York litigation. Thereafter, this Court reassessed its position and decided to stay these infringement actions until the transfer motions are resolved to avoid any implied interference with his procedures. Additionally, this Court at least believes that New York is probably the most appropriate forum for this litigation. See note 6, infra.

now before the Court. This consideration is particularly pertinent because Reeves and Tenneco have also moved to dismiss the declaratory judgment actions in New York and because of the preliminary nature of those proceedings. Finally, the Court notes that those decisions sanctioning dismissal involve prior state litigation and the pervasive influence of federalism which is not a factor in this case.

A stay, however, avoids needless interference with the forum first selected by Burnett since it appears the balance of conveniences favors New York rather than Baltimore where the later suits were brought. While Reeves contends that the inventors of patent 573 are now located in Charlotte, North Carolina, which is geographically closer to Baltimore than New York, neither forum is able to subpoena these witnesses under Rule 45(e) and airplane flights to New York from Charlotte are shorter and more frequently scheduled.⁵ Additionally, these potential witnesses are still employed by Reeves and the presence of its corporate headquarters in New York could reduce the amount of lost job time. Similarly, the main offices of Tenneco are located in the New York metropolitan area and, like those of Reeves, lie within the subpoena range of the United States District Court for the Southern District of New York. Since documents and personnel necessary to demonstrate the purported invalidity of both patents as applied to Burnett's "round form" process are possibly lodged at these corporate headquarters, availability of the subpoena power becomes an important consideration.

5/ The transcript of the hearing on these motions indicates that Alfred Breiner, counsel for Burnett, proffered without real objection from the other side that the airlines have ten or so flights between Charlotte and New York and only one to Baltimore. Moreover, the difference in elapsed flight time is 24 minutes in favor of New York.

But the real basis for the opposition of Reeves and Tenneco to a stay is the inability of a New York court to actually view the operation of Burnett's polyurethane process and to subpoena Burnett's personnel and material corporate records. These objections first overlook, however, the possibility of objectively filming the process and the use of detailed engineering sketches. Second, Burnett has the burden of proving either the nonenforceability or the invalidity of patents 845 and 573 in the declaratory judgment action which suggests the necessity of producing documents and personnel from Baltimore. Even if Burnett presents other evidence, Reeves and Tenneco can file counterclaims which could force Burnett to offer these materials and Maryland witnesses as evidence in New York. Third, the employees of Burnett are subject to deposition. While deposition testimony is usually inferior to live testimony, the issue of credibility becomes less important where the fact questions concern the understanding of technical information by highly trained experts rather than their less objective preceptions.

Examination of the claims for declaratory relief by Burnett reveals that the infringement suits in this Court involve the same issues and parties. When this last factor is added to the balance of the conveniences, which either favors a New York forum or is even, it confirms the conclusion that Burnett is entitled to stay the actions of Tenneco and Reeves until the federal district court in New York rules on their transfer motions. If those motions are denied, the stay will continue until a decision is reached on the merits of Burnett's claims for declaratory relief unless further reasons to vacate are presented by Reeves and Tenneco. On the other hand, transfer of the New York suits will necessarily vacate

the stay. Finally, the Court believes that any ruling on Reeves' motion to consolidate the infringement actions against Burnett with its priority claim against Tenneco is premature until the stay is vacated.⁶ Otherwise, any proceedings on the latter suit would occur at the pleasure of the United States District Court for the Southern District of New York.

Accordingly, it is this _____ day of _____, 1974 by the United States District Court for the District of Maryland, hereby

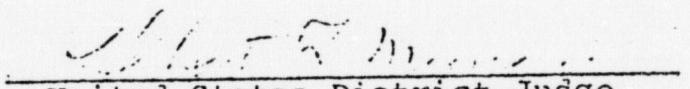
ORDERED:

(1) that the motions of defendant William T. Burnett & Company, Inc. to dismiss civil actions No. 73-266 and and 73-279 are denied;

(2) that the motions of defendant William T. Burnett & Company, Inc. to stay civil actions No. 73-266 and No. 73-279 are granted under the conditions stated in the foregoing Memorandum; and

6/ It is interesting to note that Maryland is an unlikely but still proper forum for a priority contest between corporations centered in the New York metropolitan area. Additionally, Reeves admits that the inventors of patent 573 are located in Charlotte, North Carolina and are, therefore, outside the subpoena range of this Court. Furthermore, Maryland is arguably the least convenient site for the parties and the witnesses. Given this conclusion and the staying of the infringement actions, Reeves may contemplate transfer to the federal district court in the Southern District of New York under 28 U.S.C. §1404(a).

(3) that the motion of Reeves Bros., Inc., plaintiff in Civil action No. 73-279, to consolidate that suit with Civil actions No. 73-266 and No. 73-708, is denied without prejudice.



United States District Judge

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----x
WM. T. BURNETT & COMPANY, INC., : Civil Action File No.
Plaintiff, : 73 Civ. 1214
v. :
TENNECO CHEMICALS, INC. and : JUDGE STEWART
TENNECO, INC., :
Defendants. :
-----x

Filed Aug 30, 1974

FURTHER REPLY BY TENNECO CHEMICALS
RELATING TO JUDGE MURRAY'S ORDER
IN THE MARYLAND DISTRICT COURT PROCEEDINGS

Counsel for Burnett have recently brought to this Court's attention the decision by Judge Herbert Murray of the District of Maryland which entered certain procedural orders pending resolution of the issues before this Court.

The overriding issue to be decided by this Court is whether it shall transfer the above-captioned case and a related action by Burnett against Reeves Brothers, Inc. to the District of Maryland.

In connection with its procedural order the Maryland District Court considered certain factors relating to the 'balance of convenience' which it concluded appeared to favor New York.

We submit, however, that there are a number of factors which were not mentioned in the Order of the Maryland court, and which possibly were not directly considered since the transfer question was not specifically before that Court.

The paramount issues in dispute between Burnett and Tenneco Chemicals are the validity and infringement of patents

of Tenneco Chemicals covering methods of mass-producing large continuous cylinders of polyurethane foam. The dispute between Burnett and Reeves relates to the same technology.

Shortly before this suit was filed in the Southern District, Tenneco Chemicals had charged Burnett with infringement and offered to license Burnett under its patents. Burnett elected instead to bring this declaratory action. However, the claims alleged in the Burnett complaint arose out of Burnett's manufacturing activities in the District of Maryland, and did not arise out of, or have any connection with, any business transacted by Tenneco Chemicals in this State or district.

The inventions of the patents of Tenneco Chemicals were conceived in its manufacturing facility located in Hazleton, Pennsylvania. As far as we have been able to determine all relevant records are located at that facility and the majority of the individuals whose testimony of the early work might be required in the course of the patent litigation are still living in the Hazleton area. As we are presently advised, potentially relevant records are not maintained at Tenneco Chemicals corporate headquarters in Saddle Brook, New Jersey, or the new offices of the Foam Division management which were recently moved from New York City to Paramus, New Jersey. Thus, at this point in time Tenneco Chemicals has no business offices or document repositories located in this District.

As we have strongly urged in our original memorandum supporting transfer to Maryland, the opportunity of the trier of fact to actually view the Burnett manufacturing facility

in determining the infringement issues would serve not only the convenience of the parties and witnesses, but the interests of justice as well. Such a view, or views, as the Court deems necessary can shorten trial time by reducing the amount of testimony and exhibits required to fully apprise the Court of the foam manufacturing art and of the particular equipment and methods involved. It has been suggested that the process could be filmed for presentation to whatever Court tries the case. While such means for familiarizing the Court with the processes involved has certain merits, as compared to verbal descriptions and engineering drawings, it must be held to be less instructive and informative than an actual plant tour and inspection. Film or videotape will certainly be more expensive and time-consuming for the parties than a view. We believe that a trial in the District Court in Baltimore would provide the parties and the Court with the clearly advantageous and rarely presented opportunity of determining patent infringement issues of great commercial significance at the actual site of the manufacturing operations.

Another factor to which we believe the Maryland Court has given insufficient consideration is the suit brought by Reeves Brothers against Tenneco Chemicals under 35 U.S.C. §291, the 'interfering patents' statute. In this action, also pending before Judge Murray in Maryland, Reeves contends that the subject matter of certain of the claims of the respective parties' patents overlap and that issues of inventorship must be resolved. However, allegations have been made on behalf of Burnett that would effect both the claims of Reeves and Tenneco Chemicals to dates of first invention. Presumably,

Burnett's evidence on these issues is also in the Baltimore area. Evidence of infringement, or non-infringement, and of prior work done by Burnett which reflects not only on the validity of the Reeves and Tenneco Chemicals patents but on the priority claims as between Reeves and Tenneco Chemicals in the 35 U.S.C. §291 action, is located in the Baltimore vicinity. Such documentary and physical evidence will possibly be determinative of the majority of the issues between the parties, and would clearly be within the subpoena power of the Maryland District Court.

While the issue of priority between Reeves and Tenneco Chemicals clearly has some nexus to the Maryland forum so long as the infringement and validity suits involving Burnett are to be tried there, Tenneco Chemicals would not be favorably disposed to either the Maryland or New York forums if the infringement and validity questions are tried in New York. It is the present view of Tenneco Chemicals that should the Burnett actions be tried in this District, the most convenient and appropriate forum for trial of the 35 U.S.C. §291 action would be the District of Pennsylvania in which Hazleton is located.

In summary, we believe that the memorandum in support of Tenneco Chemicals' motion for stay or dismissal or transfer to the District of Maryland clearly establishes that the balance of convenience to the parties and witnesses, as well as the interests of justice strongly favor transfer of these actions.

Respectfully submitted,

MCLEAN, BOUSTEAD AND SAYRE

McLean, Boustead & Sayre

By Thomas C. Smith

Attorneys for Defendant
14 West 49th Street
New York, New York 10020
Telephone: (212)245-0211

Dated:

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

Wm. T. BURNETT & COMPANY, INC.,)
)
 Plaintiff,)
) Civil Action File No.
- vs -) 73 CIV 1214
)
TENNECO CHEMICALS, INC. and)
TENNECO, INC.,) Judge Stewart
)
 Defendants.)

Filed Sept 10, 1974

RESPONSE BY BURNETT TO "FURTHER REPLY BY
TENNECO CHEMICALS RELATING TO JUDGE MURRAY'S
ORDER IN THE MARYLAND DISTRICT COURT PROCEEDINGS"

In its further reply, Tenneco asserts that the conclusions of the Honorable Herbert F. Murray, United States District Judge for the District of Maryland in concluding "that New York is probably the most appropriate forum for this litigation" (page 8, footnote 4 of Judge Murray's memorandum opinion), failed to consider all factors. It is submitted there is no basis for this assertion.

Tenneco first states that the inventions of the Tenneco patents were conceived in its manufacturing facility located in Hazelton, Pennsylvania; and as far as its counsel has been able to determine, all relevant records are located at that facility, as are the majority of the individuals who will testify. However, assuming that the aforesaid conclusion of counsel proves to be a proper conclusion, this does not mean that the Maryland court in Baltimore is more convenient. Hazelton is more favorably located with respect to New York than to Baltimore. Between Hazelton and New York there are three air flights in each direction conveniently spaced throughout

the day. There are no flights between Hazelton and Baltimore. It is necessary to fly into the New York area first, and then onto Baltimore. Note the Affidavit of Frances J. DiLorenzo attached hereto. Moreover, travel by car appears to favor New York over Baltimore, Maryland. The data obtained September 9, 1974 from the American Automobile Association (AAA), Washington, D. C., phone (202)222-9000, is that distance between Hazelton, Pennsylvania, and New York is approximately 138 miles on an interstate highway. On the other hand, the distance between Baltimore and Hazelton, Pennsylvania, is approximately 148 miles on two interstate highways. Like Charlotte, North Carolina, therefore, as concluded by the Honorable Judge Herbert F. Murray, Hazelton is more conveniently located to New York than to Baltimore, Maryland.

Tenneco again urges the importance of having the court view the Burnett facilities. However, if these actions are transferred, there is no assurance that the Maryland court would consent to a viewing of the physical facilities of Burnett which are located in Jessup, Maryland -- approximately twenty miles from downtown Baltimore. Judge Murray, in his memorandum opinion, states that the emphasis placed on an actual viewing overlooks the possibility of objectively filming of the process and the use of detailed engineering sketches. With this view, Judge Murray may conclude that an actual viewing necessitating traveling to Jessup, Maryland, is not essential and/or desirable. Burnett can certainly understand a court taking this view since the parties, on the basis of a possible appeal, will want in the record documentary evidence showing the actual nature of the alleged infringing process, which very likely will include engineering drawings and possibly photographs and films. The actual viewing, therefore, may be considered

merely redundant. The New York courts do not necessarily believe that a viewing is of utmost importance. Note the statement of Judge Edelstein in Duplan Corporation v. Deering Milliken, Inc. et al., 324 F. Supp. 102, 104-105, where the court states -

"The defendants' argument that it will be necessary to view the South Carolina machinery in operation has some persuasive value. It is remotely possible that the trier of the facts might be aided by a view of the machines in South Carolina." (Emphasis added)

Tenneco next urges the importance of the pendency of the 35 U.S.C. 291 action between Reeves and Tenneco before the Maryland District Court. This action cannot be of paramount importance. The Tenneco and Reeves patents were in existence at least 3-1/2 years prior to the commencement of the declaratory judgment action before this court and, yet, neither Tenneco nor Reeves saw fit to instigate a priority contest. It was only after Burnett chose, from necessity, to resolve the issue of non-infringement of the Reeves and Tenneco patents by filing the declaratory judgment actions in this court did Tenneco and Reeves move. It is difficult to accept, in view of the statements made in the record before this court and the Maryland court, that Reeves and Tenneco were not aware of each other's patents and the interrelationship of these patents. As Judge Murray noted at footnote 6, page 11, of his memorandum opinion, transfer under 28 U.S.C. 1404(a) is available to the parties in that action.¹

1 The file of Civil Action No. 73-708-HM, Reeves Brothers, Inc. v. Tenneco Chemicals, Inc., i.e., the 35 U.S.C. 291 action, establishes that Tenneco, as of September 9, 1974, has not filed an answer therein. However, according to a stipulation dated October 25, 1973, the answer by Tenneco was to be due ten days after a decision of the Reeves' motion to consolidate. Accordingly, in view of Judge Murray's order filed July 31, 1974, an answer was due on or before August 12, 1974. Tenneco, therefore, appears to be in at least technical default in the aforesaid action.

Tenneco continues to assert the lack of connection between this state or district and the activities leading to the present declaratory judgment action, stating that the only thing involved is the activity at the Burnett plant in Maryland. This assertion fails to take into consideration, as noted by Judge Murray, (1) the existence of places of business of each of Tenneco and Reeves within the Southern District of New York, these locations being within the subpoena range of the United States District Court for the Southern District of New York; and (2) possible housing of documents at these locations which will be needed by Burnett to establish its claim of invalidity and non-infringement of the patents, and also the existence of documents at these locations which can bear on possible patent misuse and anti-trust violations. It fails completely to take into consideration that Tenneco, Inc., as opposed to Tenneco Chemicals, Inc., cannot be reached in Maryland and, accordingly, transfer under 28 U.S.C. 1404(a) is not possible. Although Tenneco Chemicals, Inc. asserts that the parent company, Tenneco, Inc., is not a necessary party, the fact remains, as seen from the affidavit of Mr. George S. Flint made of record by Tenneco in its memorandum of May 1, 1973, the officers of Tenneco, Inc. and Tenneco Chemicals, Inc., as well as the Tenneco Corporation, are interrelated. There is no assurance at this time that the presence of Tenneco, Inc., is not required, at least with respect to Burnett's allegations of patent misuse and anti-trust violations and possibly fraud. The affidavit of Mr. Thomas E. Spath, counsel for Tenneco, submitted with the Tenneco memorandum dated May 1, 1973 establishes that Mr. Flint, an officer of Tenneco Chemicals, Inc., as well as the Assistant Secretary of Tenneco, Inc., was the only officer of Tenneco Chemicals present at the March 7, 1973

meeting with Burnett. There is no assurance, therefore, that the harrassment of Burnett with charges of infringement over the several years, as seen from the Wight affidavit, and possibly knowingly attempting to broaden at least the --845 patent beyond the scope of the invention of its inventors, if this can be shown to be patent misuse or more through discovery, was not dictated by Tenneco, Inc. Accordingly, transfer under 28 U.S.C. 1404(a) of the present declaratory judgment action is not possible. In view of the action of the Maryland court in staying the Maryland actions, and in view of that court's conclusion that New York is probably the most favored forum, it is submitted that the motion to transfer must be denied along with the Tenneco motions to stay or to dismiss.

The delay in filing this responsive paper is due to the fact that the Tenneco "Further Reply . . ." was not received in the hands of New York counsel for Burnett until September 6, 1974; and Washington counsel for Burnett until September 9, 1974. Although the "Further Reply . . ." includes verification of service by mail including the steps of "depositing a copy thereof, securely wrapped in a postpaid envelope . . . in the official depository located at 1230 Avenue of the Americas, New York, New York, under the exclusive care and custody of the United States Postal Service" on August 30, 1974, the envelope in which the "Further Reply . . ." was delivered bears the postage meter stamp of September 3, 1974. Why it took from September 3, 1974 to September 6, 1974 for delivery is not explainable.

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By

Respectfully submitted,
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IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

Wm. T. BURNETT & COMPANY, INC.,)
Plaintiff,) Civil Action File No.
- vs -) 73 CIV 1214
TENNECO CHEMICALS, INC. and)
TENNECO, INC.,) Judge Stewart
Defendants.)

AFFIDAVIT

FRANCES J. DiLORENZO, being duly sworn, deposes and says,

(1) That she is over eighteen (18) years of age, and not a party to the above-identified civil action:

(2) That she is employed as a legal secretary in the law offices
of Breiner, Ramik & Brown, 727 - 23rd Street, South; Arlington, Virginia
22202:

(3) That upon request she made a telephone survey to determine the frequency and convenience of air travel to and from Hazelton, Pennsylvania, and New York, New York; and to and from Hazelton, Pennsylvania, and Baltimore, Maryland, and that a compilation of the information which she obtained from various airlines is as follows:

Hazelton, Pa. to New York, N.Y. (Newark Airport)

lv	7:30 am	ar	8:10 am
lv	1:45 pm	ar	2:25 pm
lv	6:25 pm	ar	7:05 pm

New York, N.Y. to Hazelton, Pa.

lv	8:30 am	ar	9:10 am
lv	12:25 pm	ar	1:40 pm
lv	5:00 pm	ar	6:15 pm

Hazelton, Pa. to Baltimore, Md.

No direct service to Baltimore -- must fly into Newark Airport.

Baltimore, Md. to Hazelton, Pa.

No direct service to Hazelton -- must fly into Newark Airport.

(4) That upon request she made a telephone survey to determine the frequency and convenience of air travel to and from Charlotte, North Carolina, and New York, New York; and to and from Charlotte, North Carolina, and Baltimore, Maryland; and that a compilation of the information which she obtained from various airlines is as follows:

Charlotte, N.C. to New York, New York

lv	8:00 am	ar	9:25 am
lv	8:16 am	ar	9:50 am
lv	11:24 am	ar	12:41 pm
lv	12:45 pm	ar	2:12 pm
lv	5:17 pm	ar	7:28 pm
lv	6:08 pm	ar	7:40 pm
lv	7:15 pm	ar	8:36 pm

New York, New York to Charlotte, N.C.

lv	7:50 am	ar	9:33 am
lv	8:55 am	ar	10:24 am
lv	12:42 pm	ar	2:09 pm
lv	12:50 pm	ar	2:26 pm
lv	1:15 pm	ar	3:34 pm
lv	5:30 pm	ar	7:07 pm
lv	7:50 pm	ar	9:28 pm

Charlotte, N.C. to Baltimore, Maryland

lv 8:58 am ar 10:46 am

Baltimore, Maryland to Charlotte, N.C.

lv 12:40 pm ar 2:36 pm

(5) That upon request she called the American Automobile Association (AAA) to determine mileage, route, and approximate travel time between New York, New York, and Hazelton, Pennsylvania; and between Baltimore, Maryland, and Hazelton, Pennsylvania; and that the information she obtained is as follows:

Between New York, N.Y. and Hazelton, Pa.

Mileage: 138 miles (approximately)

Route: Route #80

Time: 3 hours (approximately)

Between Baltimore, Md. and Hazelton, Pa.

Mileage: 148 miles (approximately)

Route: Route #81; Route #83

Time: 3 hours (approximately)

(6) That upon request she called the American Automobile Association (AAA) to determine mileage, route, and approximate travel time between Charlotte, North Carolina, and New York, New York; and Charlotte, North Carolina, and Baltimore, Maryland; and that the information she obtained is as follows:

Between Charlotte, N.C. and New York, N.Y.

Mileage: 641 miles (approximately)

Route: Route 85; Route 95; New Jersey Turnpike

Time: 13 hours (approximately)

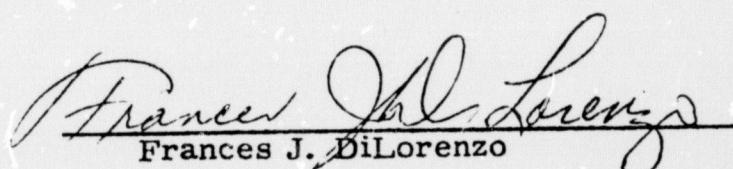
Between Charlotte, N.C. and Baltimore, Md.

Mileage: 450 miles (approximately)

Route: Route 85; Route 95

Time: 9 hours (approximately)

Further deponent saith not.


Frances J. DiLorenzo

STATE OF VIRGINIA :
: ss.
COUNTY OF ARLINGTON :

Sworn to and subscribed before me

this 9th day of September, 1974.


Notary Public
My Commission Expires: 4/05/75

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* * *

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they moved on March 28. We chose the New York forum
with good reasons.

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THE COURT: Does anybody agree that the issues
in the Baltimore cases are fundamentally the same as those
that are before me?

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MR. BREINER: Everything, your Honor, that can
be cited in Maryland we say can be cited here. Certainly
in the two actions in which we are involved. In fact, the
actions up here are broader. Up here we have, in
addition to the five patents of Tenneco, which is the only
patent in the Maryland action, we have two other patents
that they charged us with an infringement of. We also
have misuse charges up here.

15

16

THE COURT: Are the misuse charges antitrust
charges?

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MR. BREINER: Patent misuse and antitrust, yes.

They are related. They are not in Baltimore at this time.
We say that there is no --

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THE COURT: Have you answered?

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MR. BREINER: No one has answered anywhere.

All the answers have been stayed pending a shape-down of
these various motions. We don't believe that the 35
USC 291 action, which we certainly agreed is a very specific,
seldom used action, is necessary. We believe that up here

1 gs

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2 if these cases are consolidated before you, which they
3 have been, that all of the issues that can be decided in
4 those two cases plus the 291 can be decided up here.

5 If you determine the validity of these patents,
6 the 845 patent and the 573 patent, this necessarily has to
7 have the determination of relationship to each other. It
8 necessarily has to take into consideration the work of
9 Burnett as well as the work of anyone else who was earlier
10 than this. At this point in time we just don't believe
11 that an issue of priority is a meaningful issue. This is
12 something that should have been decided probably a few
13 months after the last of the two patents had issued, prior
14 to charges of infringement, prior to infringement actions
15 and declaratory judgment actions being brought.

4 16 In so far as transferring the motions, we
17 presently have in the Tenneco cases the 1214 action, Tenneco.
18 Inc. as well as Tenneco Chemical. Tenneco, Inc. cannot
19 be reached in Baltimore.

20 MR. SAYRE: On that point, your Honor --

21 MR. BREINER: Unless you take and agree to
22 the motion or the request of Tenneco Chemicals that Tenneco,
23 Inc. be dropped as a charge you can't transfer it.

24 MR. SAYRE: We would accept the service in
25 Baltimore for Tenneco, Inc.

1 gs

21

2 THE COURT: "Tenneco, Inc. is the parent?

3 MR. SAYRE: Yes.

4 MR. BREINER: If I may respond to that, your
5 Honor. According to the authorities, and I don't have
6 anything before me, but Professor Moore says that the fact
7 that one of the parties will agree to accept service is
8 not enough to permit the transfer. They must be capable
9 of being reached there.10 THE COURT: Why do you think New York is better
11 than Baltimore from a practical standpoint? Apparently
12 Judge Murray thinks so, and I haven't read his opinion.13 MR. BREINER: Your Honor, they have made
14 indications that the witnesses are more convenient to
15 Baltimore. We have checked and we don't agree. The
16 Tenneco primary witnesses are in Hazleton, Pennsylvania.
17 As you will see from an affidavit that we have in the record,
18 there are three flights between Hazleton, Pennsylvania and
19 New York, evenly spaced throughout the day in each direction,
20 six flights all told.

21 THE COURT: Where is Hazleton?

22 MR. SAYRE: Near Scranton.

23 MR. BREINER: About 138 miles from New York,
24 roughly three hours by car, according to the Triple A.
25 Service. Hazleton to Baltimore, there is no direct

* * *

5 1 qs * * *

2 THE COURT: You are saying it something different?

3 MR. BREINER: If the patents are broad enough to
4 cover what we are doing then those patents are invalid over
5 what we are doing.

6 MR. MISROCK: May I ask a question of Mr. Breiner?

7 THE COURT: Maybe it's the same question I want
8 to ask him.

9 I am still not clear why you want to be in New
10 York.

11 MR. BREINER: We don't believe that the sole
12 important issue is what the matter is. What we are con-
13 cerned with is why are these patents being enforced against
14 us.

15 THE COURT: I suppose then you don't care where
16 it's tried.

17 MR. BREINER: We have got in this jurisdiction
18 both the Reeves' corporate officers and we have the
19 Tenneco officers. We have the Tenneco Chemical plant.

20 THE COURT: I am told the important locations
21 for purposes of this lawsuit are North Carolina and
22 Pennsylvania.

23 MR. SAYRE: All the records relating to the
24 invention are in Pennsylvania.

25 MR. BREINER: Those records are just as conven-

1 qs

2 ient to this court as they are to the Baltimore court.

3 THE COURT: It doesn't make any difference to
4 you.

5 MR. BREINER: We chose this court, and I would
6 be less than candid to say that we didn't, because we
7 believe the law in this Circuit favors us and I am sure
8 that is part of the reason these two parties want to be out
9 there.

10 THE COURT: When I was a lawyer not too long ago
11 I used to hear the patent lawyers say that the right place
12 to go was the friendly Fifth Circuit if you were trying to
13 get a patent upheld.

14 You were going to ask Mr. Breiner a question.

15 MR. MISROCK: May I ask whether or not the
16 witnesses concerning the prior work and the documents con-
17 cerning the prior work of Burnett, which they say invalidates
18 both patents, is located in Baltimore or the Baltimore area?

19 MR. BREINER: These witnesses will be undoubtedly
20 a part of our case in establishing our assertions of non-
21 infringement and/or invalidity. They will be present
22 before a New York court.

23 MR. MISROCK: I don't think you have answered
24 my question.

25 THE COURT: I think he answered it adequately

1 qs

2 for present purposes.

3 One consideration which I am sure you all have
4 investigated, and I won't be telling you anything you don't
5 know, I have a very large calendar. Unless there is some
6 very, very extraordinary reason I couldn't expect to be
7 able to go to trial in this case for quite a while. I have
8 a large number of civil matters which are three or four years
9 old which I inherited when I came on the bench two years ago.
10 That is why I emphasized that unless there is some extra-
11 ordinary reason I can't give you any real preference.

12 I have other litigants who, I am sure, believe
13 that their matters are at least as pressing, and perhaps
14 more pressing, than yours and are much older. When I say
15 "quite a while" I mean at the very, very earliest next fall
16 and that would be only if a large number of the cases that
17 are way ahead of you were disposed of by settlement.
18 I would think realistically you people ought to think in
19 terms of a trial before me some time in 1976.

20 MR. MISROCK: That doesn't turn out to be the
21 case in the Baltimore court, your Honor. Their calendar
22 is something in the order of magnitude of six or eight
23 months.

24 THE COURT: I have something like 500 civil
25 matters.

1 qs

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2 MR. BREINER: We expect the discovery is going
3 to be substantial in this case.

4 THE COURT: I wanted to let you know that if you
5 thought you were going to get an early trial before me you
6 aren't going to.

7 MR. BREINER: I appreciate that, your Honor.

8 THE COURT: I am interested in what you tell me
9 in what the footnote says that Judge Murray attempted to
10 reach me and didn't. In fact, I don't know that I ever was
11 aware of the fact that he had tried to reach me. If I had
12 been aware of it I am sure I would have gotten back to him.

13 My point is -- and I guess I know the answer to
14 this -- that I guess there is no point in my, at this late
15 date, returning his phone call. I am being only half
16 facetious.

17 MR. MISROCK: He states in his opinion that he
18 is holding in abeyance the motion for consolidation which
19 we brought on pending your determination of whether the
20 case should be transferred down. He did not address
21 himself to the 291 issue. He only addressed himself to
22 the question of infringement and whether or not airline
23 service was better between Charlotte and Hazleton to New
24 York than to Baltimore.

25 MR. BREINER: I believe, your Honor, you will

1 qs

31

2 reading his opinion that it goes a bit more extensive than
3 that.

4 MR. MARSHALL: The opinion does state at the
5 bottom of page 10:

6 "On the other hand, transfer of the New York
7 suits will necessary vacate the stay."

8 The question of the stay was the issues that
9 Judge Murray had before him.

10 THE COURT: The stay of the Baltimore actions?

11 MR. MARSHALL: Yes, and Judge Murray recognized
12 that your decision on the transfer motion would be a deter-
13 minative decision on where the cases were tried. The
14 issue rested with you.

15 THE COURT: Am I correct in assuming that what
16 Judge Murray has done is tentative?

17 MR. MISROCK: I think so.

18 MR. MARSHALL: Yes, Judge.

19 MR. BREINER: I think you are going to have to
20 read the opinion. What he says is that he has stayed the
21 actions in Maryland and that necessarily if you decide to
22 transfer them that this will vacate that stay. But he
23 also suggests that New York is the most convenient forum.

24 THE COURT: It does seem to me there is no reason
25 why I need to bother Judge Murray at this point. I should

1 qs

2 make up my own mind about what ought to be done. Having
3 done so I think it would be appropriate, after discussion
4 with all of you, for me to consider a phone call to Judge
5 Murray.

6 MR. MISROCK: Your Honor, he stayed two of the
7 infringement actions. He did not stay, since the matter
8 was not before him, the 291 action.

9 THE COURT: Is discovery going forward or is
10 discovery awaiting something that I am going to do?

11 MR. SAYRE: There has been no discovery.

12 MR. MISROCK: The latter, your Honor.

13 MR. BUMGARDNER: The cases have been before
14 different judges up until recently and I think several of
15 us were trying to get them before the same judge.

16 MR. MISROCK: Originally our two cases were
17 before Chief Judge Northrop and the other case was before
18 Judge Murray.

19 THE COURT: I would suppose with the various
20 complications involved here that when the question of where
21 these cases are going to be tried is decided, it will be
22 then appropriate for whatever judge is involved to get you
23 all together and work out a program. Pending that there
24 might reasonably be some reluctance to get your feet wet.

25 Have I got everything here that I need have in

1 qs

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2 deciding this question?

3 MR. MISROCK: Yes, sir.

4 THE COURT: All right. I suggest this:

5 It does seem to me that I ought to give some
6 priority to the transfer question since your discovery
7 does await that event. Suppose I plan to go through these
8 papers in some detail and after I have done so, it occurs to
9 me that I might want to talk to you again after I am more
10 enlightened. It may not be necessary, I hope not.

11 I take it, Mr. Breiner, you want to object to
12 coming back to New York if I ask you to do so?

13 MR. BREINER: No, your Honor, I will be happy to
14 do it.

15 THE COURT: All right.

16 Anything else?

17 Thank you, gentlemen.

18 ----

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M-151

(11) UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

WM. T. BURNETT & COMPANY, INC.,

Plaintiff,

-against-

TENNECO CHEMICALS, INC.
and TENNECO, INC.,

Defendants.

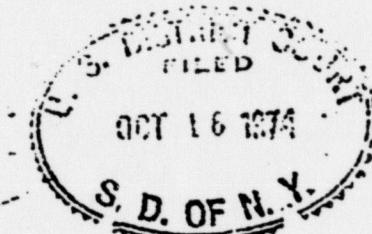
WM. T. BURNETT & COMPANY, INC.,

Plaintiff,

-against-

REEVES BROTHERS, INC.,

Defendant.



73 Civ. 1214

MICROFILM

OCT 17 1974

73 Civ. 1215

MEMORANDUM

STEWART, DISTRICT JUDGE:

Defendants Tenneco, Inc. ("Tenneco"), its subsidiary Tenneco Chemicals, Inc. ("Tenneco Chemicals"), and Reeves Brothers, Inc. ("Reeves") have moved to transfer two related patent infringement cases involving manufacturing processes of polyurethane. Defendants seek to transfer the two cases pursuant to 28 U.S.C. §1404(a) to the United States District Court in Maryland where three related cases are pending.

One of the New York actions was brought by plaintiff William Burnett & Co., Inc. ("Burnett") against Tenneco and Tenneco Chemicals for a declaratory judgment that the defendants'

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patents are invalid. The second New York action was brought by Burnett against Reeves, seeking similar declaratory relief. Plaintiff Burnett has moved in these two actions to enjoin the Maryland actions from proceeding until the New York cases are decided.

The three Maryland actions were filed one day after the New York actions. Tenneco Chemicals and Reeves brought separate actions against Burnett alleging patent infringement of the same manufacturing process which is the subject of the New York cases. The third Maryland suit was brought by Reeves against Tenneco Chemicals pursuant to 35 U.S.C. §291 to invalidate a Tenneco Chemicals patent on the ground that Reeves had a prior patent for the same manufacturing process. These three Maryland actions are now before Judge Herbert F. Murray who granted a motion to stay the proceedings pending a determination by this Court on the motions to transfer.

In addition to these two motions set forth above, there is a motion pending by the Tenneco defendants to dismiss Tenneco, Inc. as a party.

For the reasons set forth below, we find that the cases filed in this Court should be transferred to the District Court in Maryland.^{1/} In addition, we grant defendants' motion

^{1/} As a result of this decision, no action will be taken by this Court on plaintiff's motion to amend its complaint or to implead an additional party in the Burnett v. Tenneco Chemicals case. In addition, this decision renders unnecessary any further consideration of defendants' motions to stay or dismiss the two cases or for a more definite statement in Burnett v. Tenneco Chemicals.

to dismiss the action against Tenneco, Inc.

1. Motion to Dismiss Tenneco, Inc. as a defendant.

Defendants Tenneco and Tenneco Chemicals have moved to dismiss the complaint against Tenneco, pursuant to Rule 21 of the Federal Rules of Civil Procedure relating to the misjoinder of parties. Rule 21 provides:

Parties may be dropped ... by order of the court on motion of any party ... on such terms as are just.

Since we find that the issues involved in the instant action can be completely and finally decided between Burnett and Tenneco Chemicals without the presence of Tenneco, we grant the motion.

Defendants state that subsidiary Tenneco Chemicals is a "financially responsible, autonomously operated, legal entity separate from Tenneco, Inc." (Memorandum in Support of Defendants' Motion to Dismiss, p. 6). In addition, Tenneco Chemicals asserts it is "the sole owner of the patents and the sole party responsible for all matters relating to the management, licensing and enforcement of the patents in suit..." (Defendants' Reply Memorandum, at p. 2). Plaintiff does not contest this motion in substance. Plaintiff merely states that the relationship between the two corporations is insufficiently clear to warrant dismissal. Since that objection, however, defendants have submitted affidavits demonstrating the independence of the subsidiary from the parent. We find, therefore,

that Tenneco should be dismissed as a party defendant.

2. Defendants motion to transfer.

Defendants Tenneco, Tenneco Chemicals and Reeves have moved to transfer the two cases pending before this Court to the Maryland District Court where three related actions are pending. 28 U.S.C. §1404(a). One ground upon which plaintiff has opposed this motion is that the transfer would not comport with the requirement that the transferee district be one where the action "might have been brought."

Section 1404(a) presupposes at least two proper forums and authorizes a transfer for "the convenience of parties and witnesses, in the interest of justice" from one proper forum to "any other district or division where [the action] might have been brought" within the meaning of this section if: (1) the proposed transferee district is one which has jurisdiction over the subject matter of the action, (2) venue is proper there, and (3) defendants are amenable to process issuing out of the transferee court. 1 Moore, Federal Practice §0.145[6.-1], at 1789 (2d ed. 1964). In Hoffman v. Blaski, 363 U.S. 335 (1960), the Supreme Court held that a forum which was improper for both venue and service of process at the time the suit was brought was not a forum "where [the action] might have been brought." This Court has always required that the transferee district be proper with respect to both venue and service of process. See Albert Levine Associates v. Bertoni & Cotti, 309 F. Supp. 456,

463 (S.D.N.Y. 1970); Harry Rich Corp. v. Curtiss-Wright Corp.,
308 F. Supp. 1114, 1116 (S.D.N.Y. 1969); Jordan v. U. S. Lines,
Inc., 291 F. Supp. 600, 601 (S.D.N.Y. 1968).

Plaintiff's argument is that the case cannot be transferred because Tenneco cannot be served with process in Maryland. Since we have granted defendants' motion to dismiss Tenneco as a party, plaintiff's opposition on this ground is no longer relevant.^{2/}

The factors which we consider in this motion to transfer are the contacts of both the forum and the transferee district with the activities out of which this litigation arose, the convenience of the parties and witnesses, and the place where the many pending suits in the two districts can best proceed together.

First, we seek to determine where the cause of action arose. Plaintiff claims that the actions arise in New York out of "continuing assertions by defendants ... that plaintiff infringes patents of defendants, all of these assertions originating either at defendants' office(s)...or the offices of defendants' attorneys..." We do not find the New York origin of such asser-

^{2/} Defendants offered to have Tenneco submit to the jurisdiction of the Maryland court. We note that such submission would be insufficient to meet the test of a Section 1404(a) transfer to a district where the case might have been brought. See Hoffman v. Blaski, 363 U.S. 335 (1960).

tions to be very persuasive in determining where the suit should be pursued. To the extent that such activities were those of defendants' attorneys, they are, of course, not germane to a determination of where the action should proceed. It is well settled that the location of attorneys should not govern such a decision. Cf. Henderson v. American Airlines, 91 F. Supp. 191 (S.D.N.Y. 1950); U.S. v. Scott & Williams, Inc., 88 F. Supp. 531 (S.D.N.Y. 1950).

Defendants assert that the claims involved in these suits arise out of plaintiff's manufacturing activities which are located entirely in Maryland. Plaintiff's facilities where the processes are alleged to have been developed and are in operation do seem to us to be the source of the cause of action. In addition, as defendants point out, it might be useful in deciding these cases for the judge to view the process used by plaintiff. Plaintiff does not contest this point but rather rests its opposition on the fact that it is undetermined whether the judge would decide to journey to the facilities if the case were transferred. This contention is also not very persuasive. While it would be possible to produce films of the procedure used, it seems to us that it would be more desirable and convenient to view the facilities firsthand. Since the entire litigation centers around the question of whether plaintiff had a prior invention and, therefore, can obtain a judgment declaring the Tenneco Chemicals and Reeves patents to be invalid, it appears

that having the facilities close at hand may prove particularly helpful.

We next consider the convenience of the parties and witnesses. Since the various parties involved in this litigation have offices and facilities in many different states, both New York and Maryland seem equally convenient.^{3/} It is clear that many of the witnesses will have to travel no matter where the action proceeds. Because of the many locations involved, the convenience of the parties was cast in a debate, inter alia, on the comparative flight times from Pennsylvania and North Carolina (the purported origin of the Reeves invention) to New York and Maryland. There appears to be a twenty-four minute difference involved favoring a New York forum. We cannot, therefore, accord controlling weight to the data submitted by plaintiff on the convenience of parties and witnesses.

The last factor which we consider is the prompt and efficient administration of justice.

In the Maryland suit brought by Reeves against Tenneco, Reeves seeks to invalidate one of the Tenneco patents as interfering with a prior patent pursuant to 35 U.S.C. §291. The Maryland court

^{3/} Burnett is a Maryland corporation whose principal place of business is in Baltimore and which manufactures polyurethane at facilities in Jessup, Maryland. Defendant Tenneco Chemicals is a Delaware corporation doing business in New Jersey, New York, Pennsylvania and Maryland. Defendant Reeves is a New York corporation.

may wish to decide the Reeves matter before proceeding with the infringement action, as defendants urge that it should, since it may then be unnecessary for Burnett to proceed against both Reeves and Tenneco Chemicals. Once all of the cases are together in Maryland, it will be possible for the Court to dispose of all the issues in an orderly fashion. Presently the Maryland Court has before it a motion to consolidate the three actions made jointly by Tenneco Chemicals and Reeves. The Maryland Court stayed its decision on this motion pending our decision.

In addition, our congested trial calendar, as compared with that of the Maryland District Court, could delay trial of this case for a year longer than if a transfer were granted. While this factor alone is certainly insufficient ground upon which to order a transfer, it has been held to be a proper consideration. See U.S. v . E. I. DePont de Nemours & Co., 83 F. Supp. 233 (D.D.C. 1949). When this factor is added to the other above enumerated considerations, the balance of convenience militates in favor of a transfer.

The Clerk is directed to transfer the file to the Clerk of the transferee district as soon as possible.

SO ORDERED.

Clyde O. Smith
United States District Judge

Dated: New York, N. Y.
October 15, 1974.